



OLDMUTUAL

Old Mutual Zimbabwe Limited

ANNUAL REPORT 2020



DO GREAT THINGS EVERY DAY

CONTENTS

4	Chairman's Statement	40	Company Statement of Profit or Loss and Comprehensive Income
6	CEO'S review	41	Group Statement of Financial Position
9	Directors' Report	42	Company Statement of Financial Position
12	Corporate Governance Report	43	Group Statement of Changes in Equity
16	Enterprise Risk Management	45	Company Statement of Changes in Equity
29	Results from Operations	47	Group Statement of Cash Flows
30	Independent Auditors' Report	48	Company Statement of Cash Flows
38	Group Statement of Profit or Loss	49	Notes to the Annual Financial Statements
39	Group Statement of Comprehensive Income	140	Notice of the Annual General Meeting (AGM)

CONTACTS

Auditors:

KPMG Chartered Accountants (Zimbabwe)
100 The Chase (West)
Emerald Hill
Harare
Zimbabwe

Postal address:

P.O. Box 70
Harare
Zimbabwe

Registered office:

Mutual Gardens
100 The Chase (West)
Emerald Hill
Harare

Website

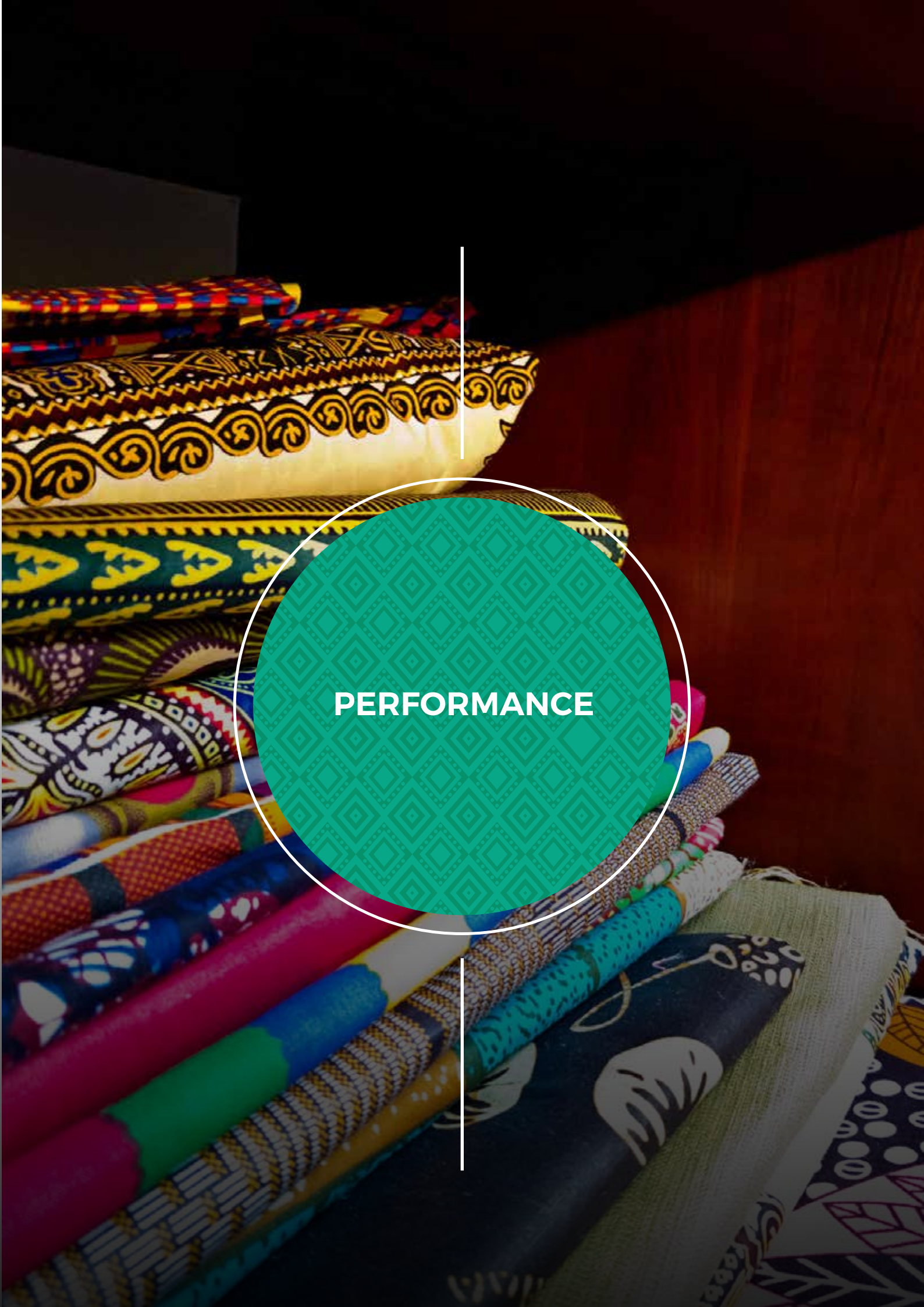
www.oldmutual.co.zw

Company Secretary

hardlifem@oldmutual.co.zw

Certificate of incorporation no.

5684/1998



PERFORMANCE

CHAIRMAN'S STATEMENT



“Key themes supporting a positive outlook are monetary policy stability, favourable commodity prices particularly for minerals, export competitiveness and improved local productivity, as well as hopes for a good agricultural season.”

K.C. KATSANDE
Chairman

Economic Environment

The COVID-19 global pandemic, adverse weather shocks and underlying macro-economic frailties shaped the broader business environment in 2020. The government estimates that the economy contracted by 4.1% in 2020, adding to the contraction of 6.5% in 2019.

The evolution of the currency and monetary policy remained a major theme during the year ended 31 December 2020. COVID-19 induced lockdowns weighed down aggregate demand, partly mitigating consumer inflation and exchange rate pressures for the greater part of 2020. Consequently, aided by notable fiscal consolidation measures, some relative monetary policy stability was registered, particularly in the second half of the year. Generalised concerns over the sustainability of monetary policy stability remained, based primarily on full year ZWL depreciation of 80% as well as annual consumer inflation of 348.6% for 2020. Statutory Instrument (SI) 185 of 2020 eased pressure on the ZWL as it effectively reintroduced a multi-currency or dual pricing and settlement currency regime.

Aggressive inflation in the first half of the year and inherent inflation expectations sustained portfolio shifts towards non-monetary assets. Concerns over speculative activity and distorted price discovery mechanisms in the economy culminated in regulatory interventions on the currency and capital markets such as the temporary suspension of trading on the Zimbabwe Stock Exchange (ZSE) during the third quarter of 2020. The dual listed securities remain suspended from trading on the ZSE whilst further consultations continue on the best way forward.

The ZSE All Share Index closed the year up 1,045.8%. The Victoria Falls Stock Exchange (VFEX) was also launched during the period.

Property market performance largely tracked exchange rate movements, with underlying property valuations requiring inputs based on a stable currency. New investments in capital projects, in the market were lower than expected reflecting the effect of both COVID-19 induced limitations and the economy's inability to foster enough confidence to attract long term capital at the right scale. Reflecting portfolio shifts from monetary assets, fixed income trades remained depressed, with returns lagging inflation.

Financial performance

The Group financial results have been prepared on an inflation adjusted accounting basis in line with the requirements of IAS 29 "Financial Reporting in Hyperinflation Economies" as the conditions for hyperinflation accounting reporting persisted into 2020. The Group achieved profit after tax for the year using both the inflation adjusted and historical cost accounting basis. On an inflation adjusted basis, the Group had a profit before tax of ZWL5.9 billion for the year ended 31 December 2020 compared to a loss before tax of ZWL11.9 billion for the same period last year. On a historical cost basis, profit before tax was up 906% from ZWL1.1 billion to ZWL11.5 billion driven by growth across all revenue lines. A detailed break-down of the financial performance on both inflation-adjusted and historical cost basis is contained in the Chief Executive Officer's report.

CHAIRMAN'S STATEMENT (CONT'D)

Governance

The Old Mutual Zimbabwe Group remains committed to high standards of corporate governance. New members joined the Boards of Directors of business units during the period, following the expiry of terms of previous directors.

Operations

Notwithstanding the economic challenges and the adverse impact of COVID-19, we remained focused on building a strong business that is positioned to continue to deliver value to customers and shareholders into the future. In response to the operating environment the key focus areas for 2020 were:

- Introduction of new products and distribution channels in response to economic and market trends.
- Preserving the capital of the business.
- Transforming the business, in particular our technology offering, so that we position the business effectively into the future.
- Responding effectively to the impact of COVID-19.

We managed to make good progress in implementing these initiatives despite constraints caused by COVID-19 related disruptions, including limited face to face contact with our clients, and the difficult economic environment. A more detailed review of these key focus areas is contained in the Chief Executive Officer's report.

Old Mutual upholds strict standards of responsible business within its ongoing business activities. During 2020, the Old Mutual Group celebrated 175 years of its existence. Over the period of its existence in Zimbabwe, Old Mutual has participated in the development of the economy through its various business and investment activities. The Group continues to finance significant projects in the agriculture, mining, energy and other infrastructure sectors.

In recognition of the Group's efforts, the following awards were received by Old Mutual Zimbabwe:

- Winner – Best Corporate Governance Disclosure by an Insurance Company that was awarded by the Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ).
- CABS was presented an award for being the 1st runner up in the Best Bank Brand category at the Marketers' Association of Zimbabwe's 2020 Superbrands Awards.
- Old Mutual was presented an award for being the winner in the Best Life Assurance Brand category at the Marketers' Association of Zimbabwe's 2020 Superbrands Awards.
- Old Mutual was voted the 2nd biggest brand in Zimbabwe at the Marketers' Association of Zimbabwe's 2020 Superbrands Awards.

Outlook

Basing on recent indications, economic downside risks remain. Key themes supporting a positive outlook are monetary policy stability, favourable commodity prices particularly for minerals, export competitiveness and improved local productivity, as well as a good agricultural season. Efforts towards international re-engagement need to continue. We acknowledge positive policy direction towards near term stability and medium to long term sustainable growth and development and the Group will continue to support Government efforts in this regard.

Appreciation

On behalf of the Board, I would like to thank our customers for the support and trust they continue to repose in Old Mutual. My appreciation also goes to the Group's employees and management for their commitment in continuing to serve customers and navigating the business through the difficult environment which was exacerbated by the COVID-19 pandemic.

I also thank my colleagues on the Board of Directors for their wise counsel and stewardship throughout 2020.

This is my first report as Chairman of the Old Mutual Zimbabwe Limited Group. On behalf of the Board and on my own behalf I would like to extend our appreciation to my predecessor, Johannes !Gawaxab, for his stewardship as Chairman of the Board from 2006 to 2020.



K.C. KATSANDE

31 May 2021

CEO'S REVIEW



“ Total assets increased by 499% from ZWL\$15.4 billion as at 31 December 2019 to ZWL\$92.1 billion on a historical cost basis, driven largely by investment gains, increased USD denominated lending and exchange gains. ”

SAMUEL MATSEKETE
Group Chief Executive Officer

Introduction

At the beginning of the 2020 financial year, we sought to deliver value for our stakeholders by focusing on:

- Introduction of new products and service channels in response to the needs and demands of our customers that continued to evolve with economic and market trends;
- Preserving and defending the value of the business as much as possible against the adverse effects faced in the macroeconomic environment, for the benefit of its stakeholders;
- Transforming the business, in particular our technology platforms in order to enhance the experience we extend to our customers and;
- Responding effectively to the impact of COVID-19.

A review of each of these key focus areas is detailed below.

Products and service channels

Communication with customers has been a key focus area to ensure that our customers are aware of the opportunities and risks presented in the economy from time to time, including the effect of regulatory changes on their policies, deposits, investments and any financing arrangements we have extended to them.

The general insurance business started to allow insurance cover with premiums paid in United States Dollars in accordance with Statutory Instrument (SI) 85 of 2020 which was favourably received by customers. In the life business, one of our flagship products, the Guaranteed Fund product, was enhanced to start declaring bonuses into the customer fund accounts on a monthly basis. The funeral plan was modified into a flexi-plan which gave customers more control over the level of cover they take at any point in time. The banking business sustained

existing lines of credit and continued to explore additional ones. This ensured that the bank continued to extend competitive loan facilities to clients in the export sectors. CABS also partnered with World Remit Money Transfer Agency to assist customers to receive money from the diaspora. The funds are collected from any CABS branch nationwide bringing convenience to customers.

The asset management business launched the Old Mutual Zimbabwe Stock Exchange Top 10 Exchange Traded Fund aimed at broadening investment products available on the local financial markets. The product has generated considerable interest from the market and in January 2021, which was its first month of trading, it generated inflows of ZWL\$32 million. The asset management business also launched Old Mutual Unit Trusts products on the C-Trade platform. This is a digital channel designed to offer a more convenient channel through which our customers, existing and new ones, can invest in our Unit Trust products.

An equivalent of USD17.7 million was deployed into private equity and infrastructure related projects in 2020. A significant part of these investments supports special interest sectors such as energy or small and medium size enterprises. We continue to seek opportunities where we can collaborate with regulatory authorities with a view to develop prescribed assets (PAs) that preserve value for customers and protect policyholder investments in the current environment.

Efforts to defend value

The heightened risk of loss of value persisted in the year under review due to high levels of inflation and depreciation of the local currency. There is continued focus on non-monetary assets to mitigate the impact of high levels of inflation on customer value as well as the capital of the business. The

CEO'S REVIEW (CONT'D)

business complied with all regulatory capital requirements and also sustained capital levels that met regulatory requirements, as well as supported the business' growth aspirations.

Pursuing the transformation agenda

Significant effort and investment were applied to an ongoing transformation program whose scope covers the whole Group. We ramped up the Group's Digital and Data capability during the year. Digital channels continued to be upgraded towards offering an integrated experience to our customers. We launched a card-less Textacash account which allows customers to open a low-know your customer (KYC) account via USSD mobile banking at their convenience. We launched the E-Wallet account opening solution via USSD which saw a total of 42,000 accounts opened during the COVID-19 induced lockdown period without customers visiting a physical branch. CABS also launched an enhanced USSD platform to include other products offered by the Group.

The general insurance business launched a mobile application that enables customers to pay premiums, initiate claims, get quotations and access their portfolios digitally. A refreshed website for the business, reconfigured around identified customer needs, was also launched.

The innovation hub, Eight2Five was officially launched and has been open to the public since the 1st of November 2020. The hub focuses on driving innovation, incubating and accelerating new ideas as well as offering co-working spaces to budding entrepreneurs. In addition to driving entrepreneurship programs the hub will also allow us to get insights from the youth market and test products and concepts. Through helping start-ups to scale up, we will be able to create future markets for our business. We therefore expect the innovation hub ecosystem to drive acquisition of new customers, identification and incubation of innovative ideas that can potentially be adopted by the Group's subsidiaries and origination of prospective investment opportunities.

The banking business rationalised its branch network, reducing the number of branches by 13 to 40 as of 31 December 2020.

In the micro-finance business, we increased our reach through partnerships with agents which contributed 43% of the total microfinance loan book as of December 2020. The partnerships provide access to new markets and opportunities.

Responding effectively to the impact of COVID-19

The year 2020 was significantly disrupted by the Covid-19 pandemic. COVID-19 induced lockdowns were enforced at various levels throughout the year. These lockdowns impacted customer acquisition and resulted in a general decline in the level of business activity registered, especially during the first half of the year.

In response, the business continued to prioritise the safety of customers, colleagues and the communities it serves. Customers were encouraged to access the Group's services on digital platforms. The business also enabled most of its employees to work from home in order to continue providing service to customers during the lockdown periods. Customers that needed to physically access branches continued to be served under appropriate measures to promote the safety of customers and staff. Strict screening protocols, sanitisation of workplaces and provision of personal protective equipment (PPE) to staff were adhered to.

In support of the national response to COVID-19, the business provided healthcare staff at multiple public and private hospitals with protective gear and assisted two universities to ramp up production of sanitisers and face masks. Free life cover for six months that was worth up to ZWL\$2.2 billion was also extended to frontline healthcare practitioners.

Financial performance

Inflation Accounting

In terms of International Accounting Standard (IAS) 29, the Group had an inflation adjusted profit before tax of ZWL\$5.9 billion in 2020 compared to an inflation adjusted loss before tax of ZWL\$11.9 billion in 2019. Inflation adjusted total assets increased by 33% from ZWL\$71.7 billion to ZWL\$94.9 billion as the nominal growth of 499% was higher than inflation for the year to 31 December 2020 of 348.6%. The inflation adjusted equity was ZWL\$17.3 billion, up from the comparable ZWL\$10.4 billion in 2019.

Performance on the historical cost basis

On the historical cost basis, profit before tax increased by 906% from ZWL\$1.1 billion in 2019 to ZWL\$11.5 billion in 2020 mainly driven by growth in total revenue. Total revenue went up by 603% from ZWL\$8.2 billion to ZWL\$57.7 billion on the back of growth in all revenue lines. Operating profit increased by 723% from ZWL\$431.6 million to ZWL\$3.6 billion driven by profit growth across all business segments. This growth on a historical cost basis is consistent with a business operating in an inflationary environment where prices and nominal transacting values continuously trend upwards.

Net earned premiums (NEP) for both life and general insurance businesses grew by 580% from ZWL\$371.4 million to ZWL\$2.5 billion mainly driven by increases in the nominal value of premiums due to the impact of inflation as well as growth in volumes under USD denominated policies underwritten by the general insurance business. Investment returns increased by 582% to ZWL\$49.7 billion largely due to significant gains on listed equities, translation of investments denominated in foreign currencies and revaluation gains on investment property. Net interest income grew by 678% to ZWL\$928.8 million due to a combination of upward reviews of interest rates that were carried out over the course of the year and

CEO'S REVIEW (CONT'D)

growth in the loan book which was buoyed by translation of loans denominated in foreign currency. Fees and commission income grew by 710% to ZWL\$2.1 billion driven by growth in volume of transactions that were completed on digital platforms, adjustments to transaction charges as well as an increase in nominal values of transactions due to high levels of inflation.

Operating profit for the life business was 516% higher than prior period as a result of growth in asset-based fees and investment returns, as well as and growth in premium income. The general insurance business recorded an increase of 845% in operating profit compared to prior period mainly due to a positive underwriting performance driven by growth in premium income. Premium income grew due to a combination of sums insured that were progressively reviewed upwards throughout the year to keep up with increases in replacement values of assets and USD premiums underwritten by the business.

The banking business recorded a 1,015% growth in profit from the comparable prior period. This was mainly driven by growth in net interest income attributable to both the growth in the loan book and inflation driven rate adjustments, non-funded income growth due to increases in the nominal values of transactions, foreign currency translation gains as well as property fair value gains.

Funds under management (FUM) for the asset management business were up by 472% to ZWL\$80.1 billion mainly due to positive investment performance and foreign currency translation gains. The asset classes that mainly contributed to the positive investment performance were listed equities, property, alternative investments and investments denominated in foreign currency. Profit generated by the asset management business was 901% higher than prior period on the back of higher fee income that was driven by growth in FUM.

Operating and administration expenses increased by 537% to ZWL\$2.3 billion from ZWL\$364.8 million in the comparable prior period. The increase was driven by inflationary pressures which necessitated regular adjustments to employee remuneration and the impact of local currency devaluation which resulted in costs of imported goods and services increasing significantly. Unbudgeted expenditure was also incurred towards measures implemented by the business in response to the impact of COVID-19. The measures implemented included enabling most employees to work from home and providing a safe working environment for members of staff that needed to be physically present at our offices and service centres as well as walk-in customers.

Total assets increased by 499% from ZWL\$15.4 billion as at 31 December 2019 to ZWL\$92.1 billion on a historical cost basis, driven largely by investment gains, increased USD denominated lending and exchange gains. Total net equity increased by 611% from ZWL\$2.1 billion to ZWL\$15.2 billion driven by growth in profit. The business is adequately capitalised, and the capital position was significantly above regulatory requirements as at 31 December 2020.

Corporate social responsibility initiatives

The Group continued to support the community through several initiatives. Some of the key initiatives supported in 2020 are listed below:

- Top Companies Awards in partnership with Financial Gazette.
- Capacitated Africa University in their sanitiser making programme.
- Capacitated Chinhoyi University of Technology to increase re-usable mask making capacity to 5,000 a week.
- Donated personal protective equipment to multiple public and private hospitals across the country.
- Supported rebuilding efforts at Mt Selinda High School following the destruction caused by Cyclone Idai.

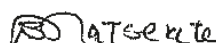
Focus areas for 2021

We believe that the initiatives we plan to implement in 2021 provide solid building blocks for a strong business that will be able to continue delivering value to customers and shareholders into the future. The broad focus areas for 2021 are as follows:

- A continued focus on defending value and ensuring customers are enabled to exercise more choice and options within our offering.
- Transforming the business to meet the needs and expectations of our customers more effectively;
- Exploiting the pockets of growth available in identified sectors of the economy and;
- Ensuring that the business responds to mitigate the risks emanating from the external environment including the impact of COVID-19.

Appreciation

On behalf of management, I would like to thank, our customers for their support in 2020 and the Group's employees for their commitment in serving our customers in 2020 despite the challenging operating environment and COVID-19 related disruptions. I would also like to thank our Board for their steer and direction as well as our regulators for their continued support.



S. MATSEKETE
31 May 2021



**DIRECTORS'
REPORT**

DIRECTORS' REPORT

Responsibility

The directors are responsible for the preparation and fair presentation of the Group and Company annual financial statements, comprising the statement of financial position as at 31 December 2020; and the statements of profit or loss; comprehensive income; changes in equity and cash flows for the year then ended; and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31). In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Group and Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Compliance with legislation

These financial statements, which have been prepared on an inflation adjusted basis, are based on the application of inflation indices on underlying accounting records which were maintained on the historical cost convention (except for fair value measurement where applicable) and are in agreement with the underlying books and records, have been properly prepared in accordance with the accounting policies set out in note 2, and comply with the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31) and the relevant regulations made thereunder; the Insurance Act (Chapter 24:07), the Pension and Provident Funds Act (Chapter 24:09), the Microfinance Act (Chapter 24:29), the Building Societies Act (Chapter 24:02), the Banking Act (Chapter 24:20), the Asset Management Act (Chapter 24:26), the Collective Investments Schemes Act (Chapter 24:19), and the Securities Act (Chapter 24:25).

Compliance with IFRSs

The financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs). IFRSs comprise interpretations adopted by the International Accounting Standards Board (IASB), which includes standards adopted by the IASB and interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC).

Complying with IFRSs achieves consistency with the financial reporting framework adopted by the ultimate parent company, Old Mutual Limited, which is incorporated in South Africa. Using a globally recognised reporting framework also allows

comparability with similar businesses and consistency in the interpretation of the financial statements.

The IFRS Conceptual Framework, provides that in applying fair presentation to the financial statements, entities should go beyond consideration of the legal form of transactions and other factors impacting on the financial statements to also consider the underlying economic substance therein. International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" (IAS21) requires an entity to apply certain parameters in determining the functional currency of a company, for use in preparing financial statements.

IAS 21 also requires an entity to make certain judgements around appropriate exchange rates to be applied between currencies where exchangeability through a legal exchange mechanism (such as a formal currency market) is not achievable. In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019, which, based on our legal interpretation, for accounting and other purposes, prescribed parity between the US Dollar and local currency as at and up to the effective date of 22 February 2019, and also prescribed the manner in which certain balances in the financial statements may be treated as a consequence of the recognition of the RTGS Dollar as currency in Zimbabwe.

For the 2019 financial year, the Presidential Powers (Temporary Measures) and (Amendment of Reserve Bank of Zimbabwe Act and Issue of Real Time Gross Settlement Electronic Dollars (RTGS Dollars)) Regulations, 2019 (Statutory Instrument (SI) 33 of 2019) also applied up to 22 February 2019. In our opinion, the requirement to comply with SI 33 of 2019 created inconsistencies with IAS 21, as well as with the principles embedded in the IFRS Conceptual Framework as also enunciated in the guidance issued by the Public Accountants and Auditors Board on 21 March 2019. This resulted in an accounting treatment being adopted in the part of the 2019 financial year covered by SI 33, which is different from that which would have been adopted if the Group had been able to fully comply with IFRSs. In particular, the Group was compelled to use a functional currency and exchange rates during the relevant period via application of the law, that were different to what would have been obtained if the directors had been free to apply the results of their own assessment of economic and market reality on the ground as required by IFRS. As such in 2019, directors and management were unable to produce financial statements which in their view would be true and fair. The matter described above impacts on the profit or loss statement as well as the statements of cash flows and changes in equity for the year ended 31 December 2019, which are presented as comparative financial information in these financial statements. In the Directors report for 2019, the directors advised users of the financial statements to exercise due caution in interpreting the financial statements, and this advice still stands with regards to the 2019 comparative financial information presented in the 2020 financial statements. Inability to apply IAS 21 fully at the beginning of 2019 also led to non-compliance with International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (IAS 8).

DIRECTORS' REPORT (CONT'D)

For 2019, the emergence of hyperinflation resulted in the adoption of inflation adjusted accounts prepared in terms of International Accounting Standard 29 (IAS 29) "Financial Reporting in Hyperinflationary Economies", as the primary basis of reporting. However, these inflation adjusted financial statements are to a great extent impacted by the inflation driven indexation of certain historical cost amounts in the prior period financial statements. In this regard, the factors carried over from 2019 as described above also impact on the comparative financial information for 2019 contained in the current year inflation-adjusted financial statements prepared under IAS 29. The impact of non compliance with IAS 21 described in the preceding paragraphs thus affects the 2020 financial statements only to the extent of the 2019 comparative financial information presented. For 2020 standalone numbers there was full compliance with IAS 21.

There was a decision by the directors to recognise a receivable under the 'legacy debt/blocked funds' arrangement announced by the RBZ in terms of Exchange Control Directive RU28 of 2019. While the arrangement does not represent a contractual obligation on the part of the RBZ, the directors believe that a constructive obligation exists, based on a legitimate expectation that the cashflows will be realised by the Group under the arrangement. In the past two year period, the RBZ approved the registration of various debts owing to parties outside Zimbabwe as legacy debts. A key requirement under IFRS, of the need for a contractual obligation to perform on the part of the other party for asset recognition criteria to be met is not present in this instance.

The directors are not aware of other areas of non-compliance with IFRS in the 2020 financial statements. However, the directors would like to draw the attention of users to the financial statements to the fact that prevailing market conditions in Zimbabwe have required the use of more judgement than would normally be the case around areas such as property valuations and valuation of unlisted investments. In addition, there are a wide range of views in the market concerning economic variables such as inflation and exchange rates. While management believe that these factors have been sufficiently taken into account in the 2020 financial statements and that the required accounting judgements are appropriate, additional disclosures and sensitivities have been provided and readers of the financial statements should pay close attention to these. Details of key accounting judgements and sensitivities are provided in Notes 2.2, 18, 22 and 25. Notwithstanding the identified areas of non-compliance with IFRS, directors are of the view that the accounting treatments as adopted are appropriate to the extent which is practically possible given the peculiarities of the Zimbabwe economic and regulatory environment. Users of the financial statements are, however, encouraged to exercise due caution and judgement.

Capital

The issued share capital is made up of 249 035 156 "A" class shares of ZWL\$0,0000032 each, 83 011 718 "B" class shares of ZWL\$0,0000032 each, 1 redeemable preference share of Z\$1.00 and 1 "A" redeemable preference share of ZWL\$1.00. The shares are owned by Old Mutual Zimbabwe Holdco Limited (75%); as well as allocations to Indigenisation Trusts and various

other shareholders (22.2%) and a strategic partner (2.8%). The 1 redeemable preference share issued is owned by Old Mutual (Zimbabwe) Dividend Access Trust and the 1 "A" redeemable preference share by OML (Zimbabwe) Dividend Access Trust.

Directors

Mr.	K. C.	Katsande*	(Chairman)
Mr.	S.	Matsekete**	(Group Chief Executive Officer)
Mr.	I. T.	Mashinya**	(Group Chief Operating Officer)
Mr.	N. T. T.	Mudekunya**	(Group Chief Financial Officer)
Mr.	C.	Chinaka	
Mr.	A.	Daka	
Dr.	C. L.	Dhliwayo	
Dr.	K.	Mandevani*	
Mrs.	N.	Samuriwo	
Ms.	C.	Ross	
Mr.	D.	Benecke	retired on 31 May 2020
Mr.	J.	!Gawaxab*	resigned on 12 August 2020

*Mr. J. !Gawaxab resigned from the Board on the 12th of August 2020. Dr. K. Mandevani was appointed the Acting Board Chairman for the remainder of the year and Mr K C Katsande was appointed the Board Chairman with effect from 28 January 2021.

**Denotes Executive Director

Mr. K. C. Katsande retires in terms of Article 113 of the Company's Articles of Association and being eligible, offers himself for re-election.

Preparer of Financial Statements

These annual financial statements have been prepared under the supervision of the Group Chief Financial Officer; Takura Mudekunya CA(Z), and have been audited in terms of the Companies and Other Business Entities Act (Chapter 24:31) of Zimbabwe.

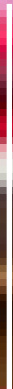
The annual financial statements for the year ended 31 December 2020 set out on pages 37 - 139 were approved by the Board of Directors on 31 May 2021 and are signed on its behalf by:


Director


Director



**CORPORATE
GOVERNANCE**



CORPORATE GOVERNANCE REPORT

Board and Board Committees

The Board provides oversight and strategic direction in respect of all the business operations that form part of Old Mutual Zimbabwe Limited (OMZIL), collectively referred to as the OMZIL Group. Part of its role is to ensure that each subsidiary company complies with its regulatory landscape, as some of the entities are separately regulated by the Reserve Bank of Zimbabwe (RBZ), the Insurance and Pensions Commission (IPEC) and/or the Securities and Exchange Commission of Zimbabwe. Being the Controlling Company of the Central Africa Building Society, OMZIL is also regulated by the RBZ. OMZIL also subscribes to the rules of the Financial Securities Exchange (Finsec) as 25% of its shares are listed on the Alternative Trading Platform operated by Finsec.

As at 31 December 2020, the operating subsidiaries of OMZIL were as follows:

1. Old Mutual Life Assurance Company Zimbabwe Limited (OMLAC);
2. RM Insurance Holdings Limited (RMIH), the holding company of Old Mutual Insurance Company (Private) Limited (OMICO);
3. Central Africa Building Society (CABS), which in turn owns 100% of Old Mutual Finance (Private) Limited (OMFIN);
4. Old Mutual Investment Group Zimbabwe (Private) Limited (OMIG) and;
5. Old Mutual Securities (Private) Limited (OMSEC).

The Board adheres to the principles of corporate governance derived from the following:

- a. The Companies and Other Business Entities Act [Chapter 24:31];
- b. The Banking Act [Chapter 24:20] and the Reserve Bank of Zimbabwe Corporate Governance Guideline;
- c. The 2016 Insurance and Pensions Commission (IPEC) Directive on Governance and Risk Management for Insurance Companies;
- d. The Zimbabwe National Code on Corporate Governance;
- e. The King IV Report on Corporate Governance and
- f. The Old Mutual Group Governance framework.

The directors are aware that they may take independent professional advice at the Company's expense, if necessary, for the furtherance of their duties.

Board Composition and Board Committees

Mr J !Gawaxab resigned from the Board with effect from 12 August 2020, following his appointment as the Governor of the Bank of Namibia, and Dr K Mandevani was appointed the acting Chairman until 17 January 2021. Mr Kumbirai Chiimba Katsande was appointed the Chairman of the Board with effect from 28 January 2021, following his appointment to Board with effect from 1 January 2021.

The Board has ten (10) directors comprising three (3) executive directors, three (3) non-executive directors and four (4) independent non-executive directors. The Board has three committees in place, that is, the Group Audit Committee, the Group Risk and Compliance Committee, and the Remuneration and Nominations Committee.

Group Audit Committee

The Group Audit Committee is responsible for reviewing the principles, policies and practices adopted in the preparation of the OMZIL Group accounts and to ensure that the annual financial statements of the Group comply with all statutory, regulatory and internal governance requirements. The Chairman of this Committee is an independent non-executive director.

The Audit Committee was satisfied with the independence of the External Auditors, KPMG Chartered Accountants (Zimbabwe), as well as their effectiveness in terms of their audit quality and expertise during the year. OMZIL has a separate engagement process for non-audit services and this is overseen, and approved by the Committee. The KPMG designated Audit Partner was appointed in 2018 in line with OMZIL's policy of rotating the designated audit partner after every 5 years.

The significant matters relating to the annual financial statements are covered in the Directors' Report which details OMZIL's compliance with the International Financial Reporting Standards (IFRS). Detailed accounting policies which have been applied in preparation of the annual financial statements are included in this annual report.

The Audit Committee was satisfied with the performance of the Group Chief Financial Officer and the Finance function as well as the effectiveness of the Chief Audit Executive and the arrangements for Internal audit. The Committee was also happy with the effectiveness of the design and implementation of internal financial controls as OMZIL did not suffer any material financial loss, fraud, corruption or error due to significant weakness in the design, implementation or execution of internal financial controls during the year.

The arrangement in place for Combined Assurance is as covered under the Risk section of this report. The Audit Committee was satisfied with the level of effectiveness of Combined Assurance within OMZIL. All three lines of assurance meet regularly and coordinate their assurance activities to avoid duplication and to ensure focus is directed to areas that present material risk exposures to the Group. Combined Assurance reports and minutes are tabled to the Group Risk & Compliance Committee, covering progress updates on the delivery of the combined assurance plan and findings and recommendations from the combined assurance activities. From 2020 to 2021, the focus will be on maturing the Combined Assurance to level 3 where the risk culture, including combined assurance, is fully embedded across the organisation and assurance methodologies by the first and second lines of assurance will be enhanced to align with the Group Internal Audit Methodology. The objective of the latter will be to reach a stage where Group Internal Audit can largely rely on the work done by the first and second lines of assurance in their audit activities. Training programs on the audit methodology were conducted during 2020 for the first and second line.

CORPORATE GOVERNANCE REPORT (CONT'D)

Group Risk and Compliance Committee

The Committee reviews the management of risk and the monitoring of compliance effectiveness within the Group. The Committee reviews the policies and overall process for identifying and assessing business risks and managing their impact on the Group. The Chairman of this Committee is an independent non-executive director.

Remuneration and Nominations Committee

The role of the Remuneration and Nominations Committee is to oversee the appointment of directors to the OMZIL Board and the Boards of its subsidiary entities as well as ensuring that appropriate remuneration is applied for management and staff in the Group. The Committee is chaired by an independent non-executive director.

Director Training

During the year 2020, corporate governance and conflict of interest training sessions were conducted for the directors in the various OMZIL Group subsidiaries.

Board and Committee attendance

During the year ended 31 December 2020, the Board and its three committees met at least four times each.

OMZIL Board of Directors

	Feb	May	July (Special)	Aug	Oct Strategy (Day)	Nov (Special)	Nov
Katsande KC** (Chairman)	**	**	**	**	**	**	**
Matsekete S*** (Group Chief Executive Officer)	P	P	P	P	P	P	P
Mashinya IT (Group Chief Operating Officer)	P	P	P	P	P	P	P
Mudekunye NTT (Group Chief Financial Officer)	P	P	P	P	P	P	P
Chinaka C (Non-Executive Director)	P	P	P	P	P	P	P
Daka A*** (Independent Non-Executive Director)	P	P	P	P	P	P	P
Dhliwayo C (Dr)*** (Independent Non-Executive Director)	P	P	P	P	P	P	P
Mandevani K (Dr) (Non-Executive Director)	P	P	P	P	P	P	P
Ross C**** (Non-Executive Director)	-	A	A	A	P	P	A
Samuriwo N*** (Independent Non-Executive Director)	P	P	P	P	P	P	P
!Gawaxab J* (Independent Non-Executive Director)	P	P	-	-	-	-	-

CORPORATE GOVERNANCE REPORT (CONT'D)

Remuneration and Nominations Committee

	Feb	Apr	July	Oct
!Gawaxab J (Chairman)	P	P	P	-
Chinaka C	A	P	A	P
Mandevani (Dr) K	P	P	P	A
Samuriwo N	P	P	P	P

Group Audit Committee

	Feb	May	Aug	Nov
Daka A (Chairman)	P	P	P	P
Dhliwayo C (Dr)	P	P	P	P
Mandevani K (Dr)	-	P	P	P
Samuriwo N	P	P	P	P
Fallon I	-	S	S	S
Benecke D [^]	P	-	-	-
Chitengu RCD [#]	P	-	-	-
Frost NA [#]	P	-	-	-
Nkomo B L [#]	P	-	-	-
Zamchiya B [#]	P	-	-	-

Group Risk and Compliance Committee

	Feb	May	Aug	Nov
Dhliwayo C (Dr) (Chairman)	P	P	P	P
Daka A	P	P	P	P
Samuriwo N	P	P	P	P
Fallon I	-	S	S	S
Benecke D [^]	P	-	-	-
Chitengu RCD [#]	P	-	-	-
Frost NA ^{#^}	P	-	-	-
Nkomo B L [#]	P	-	-	-
Zamchiya B [#]	P	-	-	-

Key

P :Present

A :Apology

S :Present as a member of the Old Mutual Life Assurance (OMLAC) Audit Committee and OMLAC Risk & Compliance Committee which was combined with the respective Group Committees during the year 2020.

* :Resigned effective 12 August 2020

** :Appointed effective 01 January 2021

*** :Appointed effective 01 January 2020

**** :Appointed effective 23 March 2020

- :Not a member of the Committee

^ :retired from the Board with effect from 31 May 2020

:Subsidiary Committee members who ceased attending the Group Committee meetings from the second quarter of 2020



**ENTERPRISE
RISK
MANAGEMENT**

ENTERPRISE RISK MANAGEMENT

Chief Risk Officer's Statement

On a global basis, it has been generally accepted that the year 2020 was largely characterised by one major risk event, referred to by some analysts as a black swan event, very rare but high impact, a 1 in 100-year event, which was the COVID-19 pandemic. For the OMZIL Group, the main risks faced by the Group were macro-economic, climate change, the COVID-19 pandemic and competition. Macroeconomic risk was characterised by high inflation rates and a depreciated local currency versus major currencies. Economic performance remained subdued due to the restricted economic activity during the COVID-19 induced lockdowns, with some effects on the demand for the Group's products. This was exacerbated by intense competition, which resulted in the market shares of some of the Group's businesses falling under pressure.

While there were COVID-19 business disruptions and increased risk of cybercrime and fraud under the work-from-home (WFH) arrangements, these were effectively managed through measures that were taken by the Group to ensure continuity of operations and enhanced cybersecurity and fraud control systems.

The extreme weather conditions that were experienced in the last quarter of the year, created fears of possible adverse impacts on agricultural outputs which would have resulted in a knock-on effect on the Group's businesses with exposures to the agricultural sector.

In the regulatory and compliance environment, there was a high number of policy pronouncements in the form of statutory instruments, exchange control, and other regulatory directives. The Group was mostly compliant with legal and regulatory requirements, with any exceptions escalated internally to oversight functions and with respective regulators kept informed of the progress on remedial actions.

The outlook for 2021 is that macro-economic and environmental developments could continue to change the profile of some inherent Group risks. In response, the risk management function will facilitate risk culture shifts to ensure

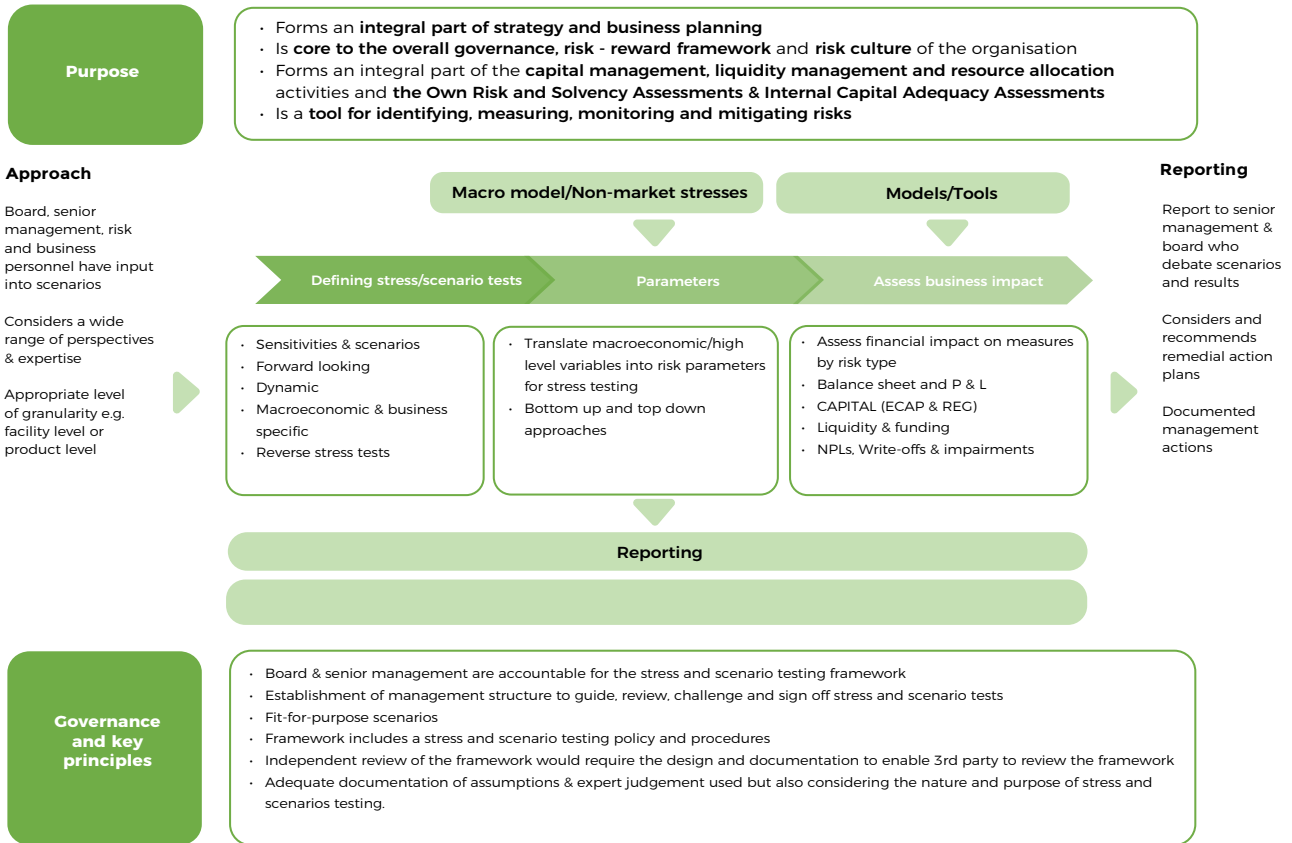
a customer-led business that wins in its chosen markets. The Group aims to mature the risk culture within OMZIL to the Risk Enabled state, using the Grant Thornton Luxembourg Risk Maturity Model, where the risk management and internal control framework is fully embedded in operations.

Embedment Of The Enterprise Risk Management Framework

Details of the ERM Framework were covered in the 2019 annual report, and the focus for 2020 was embedment of the requirements, especially in light of the new risks and challenges that were presented by the pandemic and the attendant new ways of working. The framework still comprises of the following pillars: risk governance, risk strategy, risk universe, risk policies and processes, risk management system, risk resources, risk reporting, stress testing, compliance (including Anti-Money Laundering & Combating the Financing of Terrorism) and combined assurance. Enhancements were made to the stress testing and scenario analysis framework, with stress testing being conducted in all business units across the Group and new scenarios developed in response to the volatility in the operating environment. The 2021 Business Plans were also subjected to extreme but plausible scenarios, and appropriate management actions documented. In 2021, stress testing will be conducted on a quarterly basis in all Group companies, even where this is currently not a regulatory requirement. The Group's stress testing and scenario analysis framework is as shown on page 18, figure 1.

ENTERPRISE RISK MANAGEMENT (CONT'D)

Figure 1: OMZIL's Stress & Scenario Testing Framework



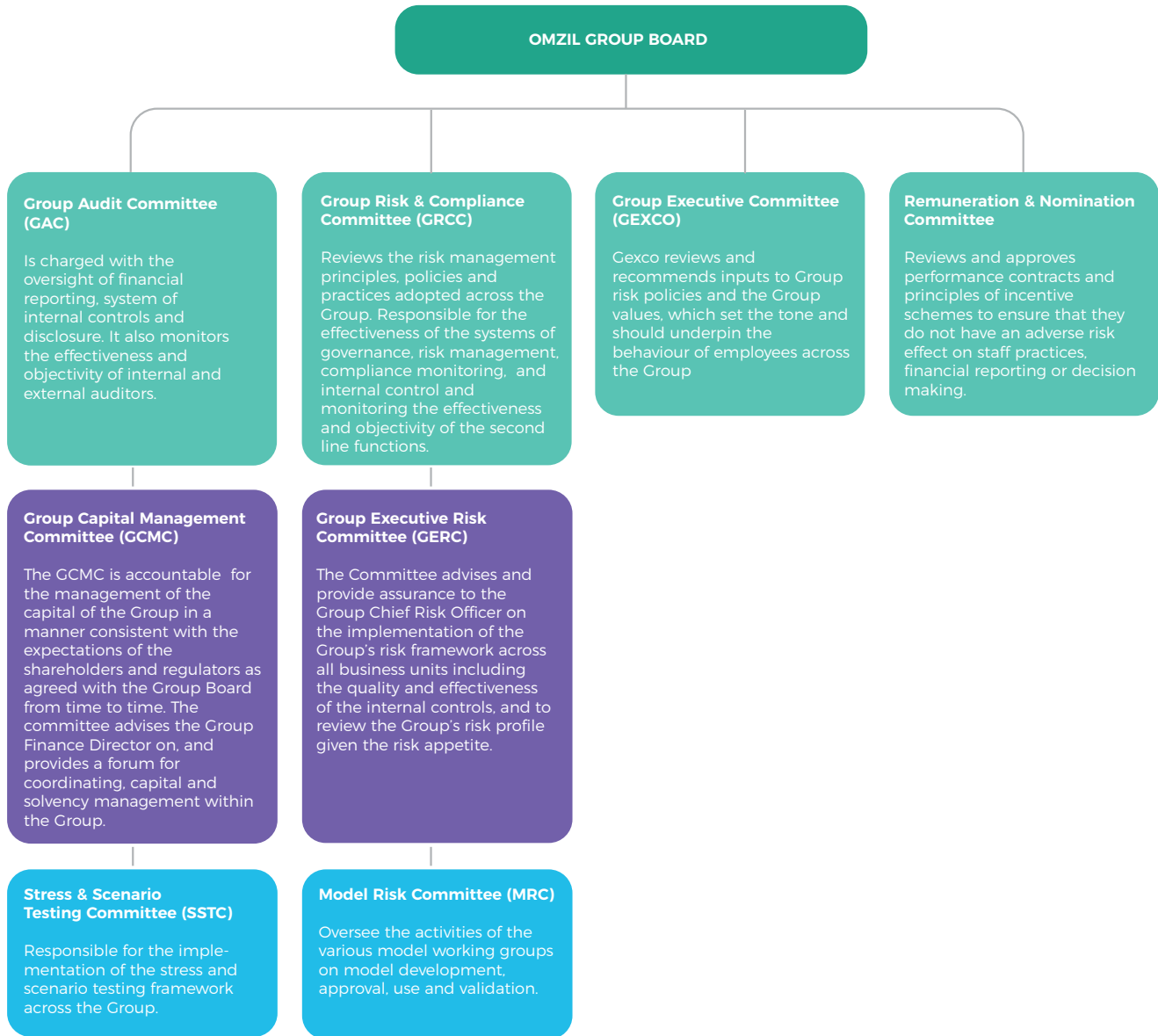
The stress and scenario testing framework is owned by senior management and governs the entire stress and scenario testing process within the Group.

Enhancements To The Risk Governance Framework

The OMZIL Board remains ultimately responsible and accountable for ensuring that risk management and the internal control systems are sound, adequate, and effective. The risk governance framework, encompassing the delegation of authority from the board to management, was enhanced in 2020, through the establishment of two management committees: the Stress & Scenario Testing Committee ('SSTC') and the Model Risk Committee ('MRC'). The SSTC, which reports to the Group Capital Management Committee, is a technical committee responsible for the implementation of the Group's stress and scenario testing framework, with membership drawn from all Group companies. The MRC, which reports to the Group Executive Risk Committee, is another technical committee with the responsibility of ensuring that the governance requirements around the development, documentation, use and validation of quantitative risk models are met. The revised Group risk governance structure is as shown on page 19, figure 2.

ENTERPRISE RISK MANAGEMENT (CONT'D)

Figure 2: Risk Governance Structure (Revised)



Overview Of Key Risks

OMZIL's principal risks have been determined by assessing their possible effects on its customers, reputation, its earnings, capital and liquidity, and the future sustainability of its businesses. The risk landscape is changing rapidly, particularly in the context of the persistently volatile, uncertain, complex and ambiguous global and local macroeconomic environment. OMZIL's business is also affected by a number of risks inherent in the products and services offered and in the industries it operates in. The risks are closely monitored and overseen by the OMZIL Group management and reported to the Board on a regular basis. Further detail on each of the top/key risks is provided on page 20, table 1.

ENTERPRISE RISK MANAGEMENT (CONT'D)

Table 1: OMZIL Top Risks

Risk Category	Definition	Impact	Mitigating Actions
External Risk	The risks arising from the external environment, e.g. macroeconomic developments, environmental changes, climate changes, competitor activities, government policy changes and/or actions including socio-political events adversely impacting on the business.	<p>In the year 2020, macroeconomic challenges of high inflation rates and a weak currency resulted in high business expenses for the Group. There were also additional expenses in response to the COVID-19 pandemic to ensure continuity of operations under the new ways of serving customers. Consequently, non-commission expenses were off plan for the year 2020.</p> <p>Competitor activities also threatened the Group's business market shares mainly in the short-term insurance and banking businesses. OMLAC & OMIG, however, retained their number one positions in the life and asset management businesses, respectively. Intensity of competition is projected to remain very high.</p> <p>There were threats from climate change events in the form of extreme weather conditions, such as floods due to the above normal rainfalls, tropical depressions, storms, and cyclones experienced in the last quarter of the year and spilling over into 2021. There were fears that these events would negatively impact agricultural outputs, and consequently economic and business performance, especially the lending and general insurance businesses which had exposures to the agricultural sector. However, the businesses remained resilient as the agricultural portfolios continued to perform positively. There was tranquillity in the socio-political area, with no impacts on business resilience, and on the safety and security of staff members. On emerging laws, regulations, and directives the main risk was the possibility that some would negatively impact customers and business operations. This was the case with some new laws especially tax laws, where compliance was required as soon as the changes were announced but before they were passed into law, increasing the risk of non-compliance, tax liability and the cost of compliance for the Group. Examples were the Intermediated Transfer Tax on all Cross Border Transactions, which increased the cost of transactions for customers and the Statutory Instrument on paying interest on call/demand, savings and mobile money trust accounts which presented operational implementation challenges for the banking business.</p>	To preserve customer and shareholder values, the Group continued with the strategy of investing in inflation-hedging real assets such as equities, property, and alternative investments. Business continuity plans were invoked during the COVID-19 induced business restrictions, and measures were taken to facilitate critical staff to continue operating from their homes. As a result of these measures, the going concern status of the Group was not impacted. To regain any lost market shares, efforts were made to enhance the product offerings which included digital products and self-service platforms. Engagements with the authorities were done in conjunction with industry bodies on the emerging laws and regulations that negatively impacted customers and the business, to influence positive policy changes.

ENTERPRISE RISK MANAGEMENT (CONT'D)

Risk Category	Definition	Impact	Mitigating Actions
Market Risk	Risks relating to adverse changes to the balance sheet or future earnings resulting, directly and indirectly, from fluctuations in the market prices of financial instruments.	<p>The Group is exposed to equity & property volatility risk, foreign exchange rate risk and interest rate risk. The Group's strategy is to maintain a high level of listed equity investments for shareholder funds held mainly through the life and the holding company, with such investments constituting over 50% of the shareholder asset portfolio. This is a deliberate strategy in line with Board approved asset allocations, for value preservation, and is ideal as equity & property prices tend to track inflation rates better than monetary assets, resulting in minimisation of loss of value. This strategy, however, exposes the capital position to fluctuations on the ZSE. In the year under review, the stock market experienced a rebound following the suspension in ZSE trading that occurred in the third quarter of 2020 and property prices remained stable. This impacted positively the Group's financial performance, which was above plan.</p> <p>The Group's exposure to changes in the exchange rates or currency risk is due to a foreign currency net open position. This was, however, positive for both the banking business and on a consolidated Group basis. The position includes the legacy debt arrangement with RBZ for the foreign obligations.</p> <p>The Group's exposure to interest rate risk is mainly through the lending businesses, CABS and Old Mutual Finance. In 2020 the risk was of rising cost of funds and net interest margin shrinkage. The impact was not felt given that the bank's deposit book was skewed towards inexpensive demand deposits. The lending rates, however, continued to trail inflation rates, resulting in negative real returns and increasing the risk of loss of value of the local currency book. In addition, there was pressure from customers to keep lending rates low, especially in the last part of the year, further squeezing the net interest margin.</p>	<p>Diversifying the investment portfolio through increasing exposure to alternative assets and growing the hard currency portfolios to manage the foreign currency net open positions within internal and regulatory limits. Reviewing lending rates in line with market trends and RBZ guidelines. Stress testing and sensitivity analyses were conducted to determine the resilience of the earnings and capital to stock market price and exchange rate shocks. The results informed management actions, business, liquidity and capital management plans.</p>

ENTERPRISE RISK MANAGEMENT (CONT'D)

Risk Category	Definition	Impact	Mitigating Actions
Liquidity Risk	The risk that available liquid assets will be insufficient to meet changing market and business conditions, liabilities, funding of asset purchases, or an increase in client demands for cash.	The Group's strategy of maintaining high levels of stock and property investments, while prudent for value preservation, may negatively impact the liquidity position of the businesses as equity and property markets are inherently illiquid. In 2020, there was added pressure on the Group businesses' liquidity positions due to the need to provide for the unplanned COVID-19 expenses as well as the suspension of trading on the ZSE which made it difficult to liquidate any holdings for that period. For the banking business, the deposit structure was largely skewed towards the short-term demand deposits (averaging 88% of total deposits during 2020), which could not be used for long-term lending and made it imperative for the bank to maintain high liquid asset ratios above both the internal and regulatory minima throughout the year. The Group, however, maintained sufficient liquidity for meeting customer obligations, operating and capital expenditure requirements. The introduction of the foreign currency auction system around mid-year contributed positively to the foreign currency liquidity for the business and within the country.	Enhanced liquidity/cash flow management strategies i.e. cash flow forecasting and utilising funds allocated for non-essential expenses to cover critical requirements; and reducing the hard currency mismatch through growing the export book, introduction of USD products, and purchasing USD on the interbank market for expunging the legacy debt. Liquidity contingency arrangements are in place and are reviewed annually for the Group's businesses.
Legal and Regulatory Compliance Risk	The risk of not applying or conforming to the laws, or breaching laws, regulations or directives, resulting in fines, sanctions, reputational damage and/or financial loss.	The regulatory environment that the Group operates in is dynamic and in 2020 there was heightened exposure to legal and regulatory compliance risk as there was a lot of new legislative and regulatory requirements which included various Exchange Control Regulations, Monetary Policy Statements, Regulatory Directives, Circulars and Statutory Instruments. These requirements also increased the cost of compliance as changes to processes and systems, and in some instances additional resources were required to ensure compliance with the legal and regulatory requirements. The Group maintained its zero tolerance for deliberate regulatory non-compliance. However, there were some gaps identified in governance requirements (for some business units the exercise to strengthen boards and board committee compositions was still to be finalised), requirements relating to prescribed assets, investment thresholds, net open position limits and with EMV requirements for local transactional cards.	Regulators were engaged on the identified gaps and remedial actions are in place, with progress updates reported to oversight committees and the regulators. Affected boards and committees were regularised during the year. Ongoing actions include vigilant monitoring of regulatory developments across all Group entities and conducting impact assessments on processes, procedures and Business Plans as well as training on new legal and regulatory developments. All Projects and New Business Initiatives including digitisation of products and services are designed to comply with the relevant laws, regulations and internal policies.

ENTERPRISE RISK MANAGEMENT (CONT'D)

Risk Category	Definition	Impact	Mitigating Actions
Operational Risk	Risk of loss due to an inadequate or inefficient workforce, failure of processes or systems and/or the occurrence of external events.	The COVID-19 pandemic impacted continuity of business operations, staff health and welfare status. Some branches were forced to close as some staff tested positive or came into contact with positive cases and, therefore, there was a need to observe the mandatory requirements on disinfection of exposed branches and the self-isolation or quarantine of the concerned staff members. With the working from home arrangements, there was heightened exposure to cybercrime and frauds (internal and external). Attempted cyberattacks were promptly detected by the Group's cybersecurity systems, and measures implemented to further strengthen the internal defences. There was a reduction of card cloning cases affecting the bank's customers in 2020 due to the proactive detection and interception measures instituted by management. Overall, the Group did not experience operational risk losses in excess of the risk appetite limits during the year. The Group's systems were available as the target of 98% availability was largely exceeded during the year. The Group's internal control environment as measured by audit key performance indicators improved significantly over the year, mainly driven by a Control Environment Improvement Program.	Rotating teams were set up for the bank's retail operations to ensure continuity of operations in the event of a team being incapacitated by COVID-19. Arrangements were put in place to support staff affected by the pandemic. A control environment program was initiated during 2020 and its objectives include strengthening practices on management of audit issues, process reengineering and enhanced adoption of international best practices on the internal control framework.
Strategic Risk	The risk that discretionary decisions are made that adversely affect future earnings and/or the sustainability of the business.	The main strategic risks for the Group during the year 2020 were of failing to introduce new products and services on time and of failing to change/adapt the business model in an environment where customer preferences were rapidly changing, and there was cutthroat competition. The Group also faced the risk that the strategy for recruiting, developing, deploying, and retaining key employees and teams was inefficient or inadequate. The Group remained on top of these risks as all key metrics monitored under each of these risks remained within the approved risk appetite limits.	Projects were initiated to adapt the business models, where necessary, to changes in the environment and in customer preferences. Digital innovative solutions were developed during the year as evidenced by the various products that were released into the market to improve customer convenience, and a number of internal processes were automated to ensure the business remained future fit and agile. Actions were taken to recruit and retain critical skills for driving the Group's strategic initiatives.

ENTERPRISE RISK MANAGEMENT (CONT'D)

Risk Category	Definition	Impact	Mitigating Actions
Conduct Risk	The risk of failing; to treat customers fairly, to offer solutions that meet their needs and expectations and to communicate with various stakeholders adequately and timeously on developments affecting them.	Significant risk continues to derive from the industry-wide issues relating to legacy issues (2008/9) and issues emanating from the 2019 currency reforms. There is also continued inflation induced loss of value on local currency savings products. For the year under review, most of the customer complaints received were on the loss of value issues. In addition, some policy pronouncements especially around tax impacted the risk profiles of the products and services offered to customers, and cases of failing to promptly communicate such changes exposed the Group to conduct risk issues. Hyperinflation also meant that the vested portion of the bonuses declared by the Guaranteed Fund reduced in proportion.	Loss of value cases are handled in courts of law as these were the result of implementing legal and regulatory directives. Measures were put in place to facilitate prompt communication on changes and developments that impact customer outcomes across the Group. Products and services continue to be revised to meet customer requirements, and a review of the Guaranteed Fund product at OMLAC is underway, to increase the guaranteed portion. In addition, customer communication, in particular at OMLAC, emphasises on how the business is investing in real assets and alternative investments in efforts to preserve value.
Insurance Risk	The risk of adverse losses due to inadequate underwriting, pricing, reserving assumptions and/or volatile claims experience materially impacting earnings and capital.	For the Group, this risk is inherent in the insurance businesses, that is, the life and general insurance companies. In the year under review, exposure to the risk as measured by the claims ratios (non-motor and motor, for the general insurance company and the GLA and Credit Life for the life company), was within appetite limits. The motor-loss ratio breached the early warning thresholds in some months, but overall remained within the upper risk limits. The impact of the risk was, therefore, considered under control despite the turbulent external environment.	A process was put in place of linking sums insured to the claims experience and data driven pricing models were implemented and there was continuous product repricing to ensure clients received adequate compensation from their claims. There was also the use of reinsurance arrangements, and strict underwriting standards especially for high value policies.

ENTERPRISE RISK MANAGEMENT (CONT'D)

Risk Category	Definition	Impact	Mitigating Actions
Credit and Counterparty Risk	The risk of non-payment or settlement of an obligation by a counterparty under the terms of a loan agreement, or the change in value of a credit asset due to a deterioration in the credit quality of a counterparty.	In the year under review, the Group's exposure to this risk was within the regulatory and internal target ranges and appetite limits, as indicated by the Non-Performing Loan (NPL) ratio at CABS and the Portfolio-at-Risk at Old Mutual Finance. Counterparty risk was also considered low, as exposures were with approved counterparties and within approved limits. CABS NPL ratio closed the year at 0.41% well within the regulatory limit of 5%. However, the credit loss ratio continued in breach of the internal target limit of 2%, at 11.1% as at 31 December and was in breach throughout 2020. On the positive, all foreign currency denominated loans were performing well as at year-end. OMFIN's Portfolio-at-Risk (loans in arrears by more than 30 days) was 9.4% within the maximum limit of 10%. There is, however, pressure for the risk exposure to increase, due to the persisting macro-economic challenges, compounded by the COVID-19 pandemic, which has negatively impacted businesses in hospitality, travel and tourism. The asset quality of some borrowers may consequently deteriorate in future, resulting in increased IFRS 9 loan impairments. The capitalisation of reinsurers is being monitored and was fully compliant with the assessment metrics that the Group relies on, as at 31 December 2020.	The Group businesses continuously monitor the quality of credit assets, both local and foreign currency, with credit scoring being done at onboarding. Reviews of counterparty limits and monitoring of exposures to reinsurers are conducted.

ENTERPRISE RISK MANAGEMENT (CONT'D)

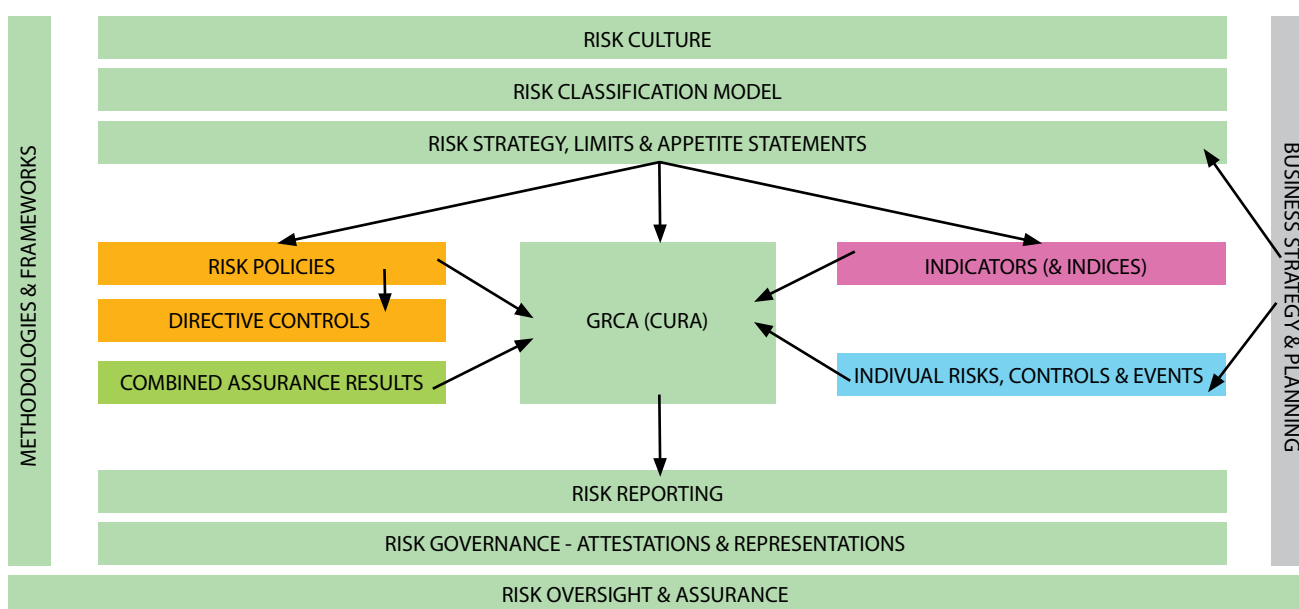
Revisions Of The Risk Policy Suite

In 2020, the OMZIL risk policy suite was rationalised to fewer material risk policies that addressed the Group's key risks. The main benefit of this was ensuring a consistent approach to managing the key risks across the Group and better compliance with regulatory requirements. The reduction was achieved by collapsing Level 1 and subordinate Level 2 policies into one policy. This resulted in an OMZIL risk policy suite comprising of 25 principle-based risk policies, from 44 policies. The policies removed from the risk policy suite have been re-classified as either standards or functional/operational policies, categorised as either Human Capital, Financial, Operational, Governance or Information Technology standards.

Continued Implementation Of The Risk Management System

The key success during 2020 was the handover of CURA risk management system responsibilities to management to foster risk ownership and in the process maturing the risk culture across the Group. Another development was the use of the system for recording cases under Group Forensic Services. The figure below shows how the CURA fits into the risk management framework of OMZIL.

Figure 3: Risk Management System (CURA) & the Risk Management Framework



In 2021, the target is to have the Compliance module implemented. This will be part of facilitating a single view of, and access, to all the risk and control information within OMZIL, in line with the combined assurance framework.

Focused Risk Reporting

Enhancements were made to the Key Risk Indicator Dashboard which complements the monthly and quarterly reports to management and board committees respectively. Legal risk indicators were incorporated into the dashboard, although additional work on defining the targets and risk tolerance thresholds is still to be finalised. There were also refinements on the interpretation of the Compliance & Regulatory risk indicators.

Compliance Risk Management Framework (Including AML & CFT)

The primary purpose of OMZIL's Compliance Risk Management Framework is to ensure effective assessment of the legislative, regulatory and reputational risk exposures of the business operations, not only in terms of adhering to applicable laws and regulations, but also to the internal policies and standards of conduct.

The Group has a Regulatory Compliance Risk Policy which forms part of the Risk Policy Suite and is underpinned by a Compliance Mandate. Management of Money Laundering (ML) and Financing of Terrorism (TF) risks is also guided by an OMZIL Anti Money Laundering (AML)/Countering the Financing of Terrorism (CFT) and Sanctions Screening Policy and the OMZIL AML/CFT Risk Management Compliance Programme (RMCP). The Group also has in place a Compliance Manual which outlines the key compliance processes including compliance risk identification, risk assessments, compliance monitoring and reporting. An OMZIL Regulatory Strategy is in place and sets out an integrated approach to aligning Business Strategy to Regulatory requirements.

ENTERPRISE RISK MANAGEMENT (CONT'D)

The Group is committed to upholding compliance with regulations, legislations and its own internal policies which are harmonious with regulatory requirements. Compliance contributes to business resilience through appropriate Market Conduct, which also contributes to the protection of customers and the stability of the broader economy. Compliance Risk Management is therefore regarded as imperative to the Group's business strategy and values.

The regulatory environment that the Group operates in is dynamic and in 2020, there was an influx of new legislative and regulatory requirements which included various Exchange Control Regulations, Monetary Policy Statements, Regulatory Directives, Circulars and Statutory Instruments. In response to heightened exposure to Regulatory Compliance risk, management vigilantly monitors regulatory developments across all Group entities as well as conducts impact assessments on processes, procedures, and Business Plans.

OMZIL remains cognisant that non-compliance may occur from time to time but there is no appetite for deliberate non-compliance. All Projects and New Business Initiatives including Digitisation of products and services are designed to comply with the relevant laws, regulations, and internal policies.

As a way of managing exposure to Legal and Regulatory Compliance Risk, ongoing trainings are conducted on Legal, Regulatory Compliance, Financial Crime, Market Conduct, and the Anti Money Laundering, Countering the Financing of Terrorism & Sanctions Policies. Trainings are also conducted to staff on new regulations and legislations that impact the Group's business units.

The Group is actively involved in engagements with its regulators on an ongoing basis to exchange insights and acquire clarification where required thereby positively influencing regulations and laws that impact on the Group companies. Areas of engagements in 2020 included the Second AML/CFT National Risk Assessment, contributions to the impending Insurance and Pensions & Provident Fund Bill and the Cyber Security & Data Protection Bill amongst others. In 2021, regulatory engagements will focus on regulation and legislation associated with digitised products and services, Consumer Protection and engagements will also continue on AML/CFT and Data Protection issues which remain topical.

During the year 2020, the Group did not receive material regulatory fines, penalties or sanctions for violating regulatory requirements.

The Journey To Maturing The Combined Assurance Process

OMZIL's Combined Assurance framework is based on the recommendations of the King Report on Corporate Governance for South Africa 2009 (King III) and 2016 (King IV), Board Notice 158 of 2014 in terms of the Long-Term Insurance Act 1998 (BN158) and corporate governance best practices. A key component of the framework is the Combined Assurance Strategy or plan, which establishes integrated and coordinated assurance activities between the three lines of assurance across all levels of the organisation, focusing on increased collaboration and sharing of information as well as reducing duplication of activities. This results in improved efficiencies and more effective reporting within the individual assurance functions, providing the board through the Group Audit Committee with an integrated view of the assurance activities and the results thereof to increase assurance over the effectiveness of the system of internal control.

The Combined Assurance Culture within OMZIL is maturing from the second phase of 'Building the Structure' to the third phase - 'Embedment', which encompasses reliance on the work of other assurance providers (as appropriate); consistent use of assurance methodologies; formalised assurance provided by Line 1, and embedded risk culture across the organisation. The journey towards the Embedment Phase is depicted on page 28, figure 4.

ENTERPRISE RISK MANAGEMENT (CONT'D)

Figure 4: Combined Assurance Maturity Model



Emerging Trends & Risks

Given the outlook for 2021 covered earlier on, emerging trends and risks are as indicated below. The business will continue to scan the environment and respond swiftly to any adverse changes in the risk profiles of the inherent risks.

- Emerging Trends in Environment, Social & Governance (ESG) Practices:** Adoption of ESG practices has become topical globally. The World Economic Forum produced a white paper containing emerging trends around ESG practices. Investment focus, going forward, will be on businesses that are environmentally and socially cautious whilst maintaining good governance around business practices. The common theme will be around stakeholder capitalism where businesses need to take cognisance of how stakeholders are affected by their activities and decisions. The attempt to measure stakeholder capitalism has culminated in the development of metrics and disclosures that are organised under four pillars aligned with the sustainable development goals and the principal ESG domains. These pillars are: Planet, Principles of Governance, People, and Prosperity. The OMZIL Group has already scoped the metrics and will give a comprehensive update on the adoption of these in the subsequent reports to evidence compliance with this key development. Nonetheless, ESG analysis of counterparties has been incorporated in investment and credit assessments, within the Group. An ESG policy is also in place within the banking business.
- Currency Risk** the threat of a rapid depreciation of the local currency remains given the low industry capacity utilisation and foreign currency generation capacity, plus the continued international isolation.
- Environmental Risk:** Climate change events and the threat of new variants of the COVID-19 virus, which will impact social and economic activities. There is the possibility of increased insurance claims due to the environmental risks, which could impact the liquidity of the industry.
- Emerging laws, regulations, and directives** - The business remains attentive to new laws and regulations as these impact customers and business operations, especially concerning those that require compliance as soon as the changes are announced but before they are passed into law.

¹Prepared in collaboration with Deloitte, EY, KPMG & PwC: "Measuring Stakeholder Capitalism - Towards Common Metrics & Consistent Reporting of Sustainable Value Creation", White Paper, September 2020.

RESULTS FROM OPERATIONS

In line with the rest of Old Mutual Limited group, in addition to net profit after tax as per the Group statement of profit or loss (page 38) the Group also measures its performance based on results from operations.

A reconciliation between profit before tax and results from operations is shown below:

Reconciliation of IFRS Profit Before Tax to Results from Operations Before Tax

	Inflation adjusted audited		Historical cost unaudited	
	2020 Group ZWLm	2019 Group ZWLm	2020 Group ZWLm	2019 Group ZWLm
Profit/(Loss) before tax	5,874.7	(11,894.9)	11,516.4	1,144.9
Adjusting entries	(1,996.1)	14,120.8	(7,965.1)	(713.3)
Shareholder investment returns	(2,100.2)	(2,644.4)	(7,839.1)	(529.6)
Monetary loss; non-operating items	774.8	15,870.0	-	-
Policyholder tax	(670.7)	713.1	(126.0)	(201.4)
Restructuring costs	-	182.1	-	17.7
Results from operations	3,878.6	2,225.9	3,551.3	431.6

Results from operations represents the view of the directors of Old Mutual Zimbabwe Limited of the core operating performance of the Group.

INDEPENDENT AUDITORS' REPORT

KPMG
Mutual Gardens
100 The Chase (West)
Emerald Hill
P O Box 6 Harare
Zimbabwe
Tel: +263 (024) 303700, 302600
Fax: +263 (024) 303699



Independent Auditors' Report

Adverse opinion

We have audited the inflation adjusted consolidated and separate financial statements of Old Mutual Zimbabwe Limited (the Group and Company) set out on pages 37 to 139, which comprise the inflation adjusted Group and Company statements of financial position as at 31 December 2020, and the inflation adjusted Group statement of profit or loss, the inflation adjusted Group statement of other comprehensive income, the inflation adjusted Company statement of profit or loss and other comprehensive income, the inflation adjusted Group and Company statements of changes in equity and the inflation adjusted Group and Company statements of cash flows for the year then ended and notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters described in the Basis for adverse opinion section of our report, the inflation adjusted consolidated and separate financial statements do not present fairly the inflation adjusted consolidated and separate financial position of Old Mutual Zimbabwe Limited as at 31 December 2020, and the inflation adjusted consolidated and separate financial performance and inflation adjusted consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the manner required by the Companies and Other Business Entities Act [Chapter 24:31].

Basis for adverse opinion

Reserve Bank of Zimbabwe's ("RBZ") legacy debt asset

As described in note 25.2 to the inflation adjusted consolidated financial statements, included in other receivables, is the RBZ legacy debt asset of ZWL8,142.3 million inflation adjusted which includes ZWL6,715.5 million inflation adjusted related to the Company as disclosed in note 48 to the inflation adjusted separate financial statements.

In line with the Monetary Policy Statement issued on 20 February 2019, the Group, through the banking subsidiary, Central Africa Building Society ("CABS") in 2019 registered with the RBZ a foreign currency liability of US\$26.4 million, being the legacy debt contracted prior to 20 February 2019 and other Group entities, in 2020, registered a foreign currency liability of US\$83.8 million. CABS and Old Mutual Zimbabwe Limited, the Company, paid over ZWL26.4 million and ZWL83.8 million respectively in 2019 and 2020 to the RBZ at a rate of 1:1.

The directors believed that the RBZ will assist CABS and the Company with sourcing foreign currency and settling the liabilities at a rate of 1:1 between the US\$ and ZWL and accordingly recognised a foreign currency denominated asset. During 2020, CABS purchased foreign currency which was paid over to foreign creditors registered as part of the legacy debt. CABS subsequently claimed the local currency equivalent amount from the RBZ and the RBZ reimbursed in local currency an amount equivalent to US\$7.5 million during 2020.

As at 31 December 2020 and as at the date of this report, there is no legally binding instrument that had been issued by the RBZ that defines how the balance of the legacy debt will be settled. Consequently, in the absence of determinable contractual terms, the RBZ legacy debt asset from the RBZ is not a foreign currency denominated asset in terms of IAS 21. The effects of changes in foreign exchange rates ("IAS 21") and should not have been converted at the auction determined exchange rate as at 31 December 2020.

The impact of converting the legacy debt asset at the auction determined exchange rate resulted in other receivables being overstated by ZWL8,040.7 million in the inflation adjusted Group statement of financial position and other income and profit for the year being overstated by ZWL7,751.5 million in the inflation adjusted Group statement of profit or loss and brought forward retained earnings being overstated by ZWL289.2 million.



INDEPENDENT AUDITORS' REPORT (CONT'D)

The impact of converting the legacy debt asset at the auction determined exchange rate resulted in other receivables being overstated by ZWL6,631.7 million in the inflation adjusted Company statement of financial position and other income being overstated by ZWL6,631.7 million in the inflation adjusted Company statement of profit or loss and other comprehensive income.

The effects of the misstatements on the consolidated inflation adjusted financial statements in respect of the legacy debt assets as commented on above, would have resulted in the reported inflation adjusted consolidated profit for the year of ZWL6,507.9 million being reported as an inflation adjusted consolidated loss for the year of ZWL1,243.6 million and the reported inflation adjusted consolidated net equity decreasing from ZWL17,268.4 million to ZWL9,227.7 million.

The effects of the misstatements on the separate inflation adjusted financial statements in respect of the legacy debt assets as commented on above, would result in the separate inflation adjusted loss for the year of ZWL372.0 million increasing to an inflation adjusted loss of ZWL7,003.7 million and the separate inflation adjusted net equity moving from positive net equity of ZWL4,374.3 million to negative net equity of ZWL2,257.4 million.

Note 62 to the inflation adjusted consolidated and separate financial statements, under going concern, discloses that the directors consider it unlikely that the RBZ will not support the discharge of the obligations which have been registered as legacy debt. Companies within the Old Mutual Limited Group to which legacy obligations are owed, as disclosed in note 62 to the inflation adjusted consolidated and separate financial statements, have undertaken not to trigger a demand for the repayment of the legacy debt until such a time that the mechanism for the repayment of the legacy debt arrangement has been agreed with the RBZ. Old Mutual Limited, the parent Company, has also indicated that they will support an orderly resolution of the matter in a way that does not negatively impact on the financial stability of Old Mutual Zimbabwe Group and the Company.

The effect of the above non-compliance with IAS 21 is material and pervasive to the inflation adjusted consolidated financial statements and the inflation adjusted separate financial statements.

Non-compliance with International Financial Reporting Standard, International Accounting Standard IAS 21, in the prior year and the impact of this non-compliance on the comparative financial information

As described in note 2.3.1 to the inflation adjusted consolidated and separate financial statements, for the 2019 financial year the Group and Company applied Statutory Instrument 33 (S.I. 33) up to 22 February 2019 and maintained the United States dollar (US\$) as its functional currency applying an exchange rate of 1:1 between the US\$ and the Zimbabwe dollar (ZWL). This was not in compliance with IAS 21 where the functional currency was assessed to have been the ZWL with effect from 1 October 2018 and the market exchange rate was not 1:1. In order to comply with S.I. 33, issued on 22 February 2019, the Group and Company changed its functional currency to the ZWL with effect from 23 February 2019. These departures from IAS 21 resulted in adverse opinions being issued in respect of the 31 December 2019 inflation adjusted consolidated and separate financial statements. Had the Group and Company applied the requirements of IAS 21 many elements of the prior year inflation adjusted financial statements, which are presented as comparative financial information, would have been materially impacted. The financial effects of this departure on the prior year inflation adjusted financial statements had not been determined.

Furthermore, during the prior year the general insurance business, Old Mutual Insurance (Private) Limited (OMICO), manually translated foreign denominated transactions for the period 22 February 2019 to 31 December 2019 using average rates instead of spot rates as required by IAS 21 as disclosed in note 2.2.1 to the inflation adjusted consolidated and separate financial statements. During that period, there were significant fluctuations in exchange rates between the ZWL and the US\$. The use of an average exchange rate had some inherent limitations given the significant fluctuations in the exchange rate and could have resulted in many elements in the Group statement of profit or loss being materially impacted. The financial effects of this departure on the prior year inflation adjusted financial statements had not been determined.

Given the above matters, the current year's consolidated and separate inflation adjusted financial statements are not comparable with the inflation adjusted consolidated and separate inflation adjusted financial statements of the prior year.

Carrying value of equipment

As stated above, the Group changed functional currency from US\$ to ZWL on 23 February 2019 instead of 1 October 2018 which was not in compliance with IAS 21. The impact of this non-compliance was that the cost and accumulated depreciation of the equipment (being motor vehicles, computer equipment and fixtures and fittings) were converted to ZWL applying an incorrect exchange rate. Consequently, depreciation provided on the equipment was applied against the incorrect cost resulting in an incorrect carrying value of equipment. The effects of the non-compliance with IAS 21 in the inflation adjusted consolidated financial statements have not been determined, given they are impracticable, but would be material to the inflation adjusted consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for adverse opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Valuation of owner occupied property and investment property (applicable to the consolidated and separate financial statements)

Refer to accounting policies in note 2.9 investment property and note 2.10 property and equipment and note 18, note 19, and note 43 to the inflation adjusted consolidated and separate financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Group and Company hold owner occupied properties and investment properties, carried at fair value in the inflation adjusted consolidated and separate financial statements in accordance with IAS 16, Property, Plant and Equipment and IAS 40, Investment Property.</p> <p>The key inputs and assumptions used in the valuations, such as, rental rates per square meter and capitalisation rates are determined in an environment where there is limited market activity due to illiquidity in the market.</p> <p>Fair valuation of properties is difficult to ascertain as market comparable sales are not as readily available as a result of depressed economic activity which has resulted in a limited number of open market sales. Furthermore, the hyperinflationary environment has made it increasingly difficult to determine the fair value in local currency. The qualified valuers, therefore, determined property values in US\$ and converted to local currency at the prevailing auction exchange rate as at 31 December 2020.</p> <p>Given the degree of complexity involved in determining the fair value of the owner occupied and investment properties and the significant judgement and estimation required in determining the key inputs and assumptions used in determining the fair values, the valuation of the Group's and Company's owner occupied and investment properties was considered a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Evaluating the professional competence and objectivity of the internal and external valuers ("valuers") engaged by the directors to value the properties and specifically evaluating the independence of the external valuers by enquiring about their interests and relationship with the Group and Company; • Evaluating the appropriateness of the valuation methodologies used by the valuers based on our knowledge of the industry and the requirements of the applicable financial reporting standards, including evaluating the appropriateness of the methodology applied for the conversion of the US\$ valuations to ZWL in line with the requirements of the applicable financial reporting standards; • Comparing the key assumptions and key inputs, rentals rates per square metre and capitalisation rates, used by the internal valuers with those used by external valuers, to evaluate the reasonableness of assumptions applied, and also comparing a sample of rental rates per square to actual rental contracts; • For the portfolio of properties valued by external valuers, we compared these values to the values determined by the internal valuers and where material differences were identified we evaluated the directors rationale in respect of the final fair values adopted; and • Assessing whether the disclosures for the valuation of owner occupied and investment properties in the financial statements, met the requirements of the relevant financial reporting standards.



INDEPENDENT AUDITORS' REPORT (CONT'D)

2. Valuation and classification of unlisted investments (applicable to the consolidated and separate financial statements)

Refer to accounting policies in note 2.3.2 other critical estimates and judgements and note 2.13 financial instruments, and note 22.1 and note 46.2 to the inflation adjusted consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Group holds unlisted investments amounting to ZWL5,129.4 million and the Company has unlisted investments amounting to ZWL107.6 million, inflation adjusted, which are carried at fair value through profit or loss and are classified as Level 3 financial instruments in the fair value hierarchy as the valuation methodologies, assumptions and inputs used by the directors employ significant unobservable inputs which require significant judgement and estimation.</p> <p>The classification of unlisted investments in which the Group's and Company's investment holding exceeds 20% involves significant judgement in determining whether the Group and Company exert significant influence over those investments, and therefore, whether the investments should be classified as investments in associates in accordance with the international financial reporting standard, IAS 28, Investments in Associates and Joint Ventures (IAS 28).</p> <p>Given the significant judgement and estimation applied by the directors, the valuation and classification of unlisted investments was considered a key audit matter.</p>	<p>Our procedures in respect of the valuation of unlisted investments included:</p> <ul style="list-style-type: none"> Using our internal valuation experts as part of our audit team to test the inputs and assumptions used for significant unlisted investments by; Evaluating and challenging the appropriateness of the methodologies applied, assumptions and inputs used in the valuation by establishing our own range of the key assumptions and inputs, based on externally available metrics and wider economic and commercial factors and using their knowledge and industry experience; Evaluating the reasonableness of the directors' inputs by comparing the inputs to historical trends. <p>Our procedures in respect of the classification included:</p> <ul style="list-style-type: none"> Evaluating the directors' assessment of whether the Group and Company exert significant influence over investees in which the Group's and Company's shareholding exceeds 20%, against the criteria in IAS 28; and Evaluating whether unlisted investments are presented in accordance with International Financial Reporting Standard 13, Fair Value Measurement, in the financial statements.

3. Insurance contract liabilities (applicable to the consolidated financial statements)

Refer to accounting policies in note 2.6.5, insurance contract liabilities, and notes 27, and note 42 (insurance risk) to the inflation adjusted financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Group has recognised significant liabilities relating to long term insurance contracts at year end inflation adjusted value of ZWL47,497.7 million. We considered insurance contract liabilities to be a key audit matter in respect of the consolidated financial statements because significant estimation and judgement is applied over key valuation assumptions used to determine the insurance contract liabilities such as valuation interest rates, expense inflation and mortality basis.</p> <p>In addition, the Zimbabwean Government concluded its inquiry into the loss in value for certain policyholders and beneficiaries upon the conversion of pension and insurance benefits after the dollarisation of the economy in 2009. On 9 March 2018, the results of the Zimbabwean Government's inquiry were made public. This matter also involved judgement in determining possible impact on insurance liabilities.</p> <p>In view of the judgements exercised in determining insurance and investment contract liabilities, and the need to assess whether the recommendations of the commission of inquiry led to an increase in insurance liabilities, we considered this area to be a key audit matter.</p>	<p>Our procedures in respect of insurance contract liabilities included:</p> <ul style="list-style-type: none"> Testing the design, implementation and operating effectiveness of key controls over the identification, measurement and recording of the Group's calculation of insurance contract liabilities; Evaluating the appropriateness of the methodology applied and assumptions used by the Group using our knowledge and industry experience; Engaging our internal actuarial specialist as part of our audit team to challenge the assumptions used and the process followed for setting and updating the assumptions, particularly around lapse rates, expense inflation and mortality assumptions; Challenging the assumptions used by the directors by comparing the assumptions to external data; Enquiring of management of their view of the commission of inquiry report and their consideration of its possible implications, and evaluating whether the requirements of disclosing a contingency liability had been met; and Evaluating the disclosures in the financial statements in terms of the requirements of IFRS 4, Insurance Contracts, and IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

4. Impairment of loans and advances (applicable to the consolidated financial statements)

Refer to accounting policies in note 2.13 impairment of financial assets and note 24 to the consolidated inflation adjusted financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Group provides loans and advances to individuals and corporates. The carrying amount of loans and advances is ZWL7,089.0 million inflation adjusted. The Group uses an Expected Credit Loss (ECL) model to determine the size of the impairment allowance for loans and advances. The ECL methodology incorporates the expected future credit losses due to forward looking macro-economic variables.</p> <p>The Group's ECL model uses certain judgements and assumptions such as:</p> <ul style="list-style-type: none"> • The credit risk ratings allocated to the counterparties in the corporate and investment banking category; • The probability of a loan becoming past due and subsequently defaulting (probability of default 'PD'); • The magnitude of the likely loss if there is default (loss given default 'LGD'); • The expected exposure in the event of a default (exposure at default 'EAD'); • The determination of the Group's definition of default; • The criteria for assessing significant increase in credit risk (SICR); • The rate of recovery on the loans that are past due and in default; • The identification of impaired assets and the estimation of impairment, including the estimation of future cash flows, market values and estimated time and cost to sell collateral; • The incorporation of forward-looking information used in determining the expected credit losses in the loans and advances portfolios. <p>Due to the significance of the loans and advances to the financial position of the Group and the level of judgement applied in determining the ECL, the expected credit loss allowance on loans and advances was considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Assessing and testing the design and operating effectiveness of the controls over credit origination and monitoring; • Assessing whether the Group's credit policies are aligned with IFRS 9, Financial Instruments; • Engaging our Financial Risk Management (FRM) specialists to assess the methodology, completeness and accuracy of inputs used during the development and application of the ECL model and the resultant ECL; • Using available external and independent information to challenge management's assumptions and judgements in determining expected credit losses; • For a sample of loans and advances, we evaluated the regulatory credit risk grade to determine whether regulatory impairment was calculated based on an appropriate grading; and • Assessing the adequacy of the disclosures in respect of ECL as required in terms of IFRS 9, Financial Instruments.

5. IAS 29 – Financial Reporting in Hyperinflationary Economies

Refer to accounting policies in note 2.2 Basis of preparation and note 62 Going concern to the inflation adjusted consolidated and separate financial statements.



INDEPENDENT AUDITORS' REPORT (CONT'D)

Key audit matter	How the matter was addressed in our audit
<p>Zimbabwe was deemed a hyperinflationary economy, effective 1 July 2019, in terms of the requirements of IAS 29, Financial Reporting in Hyperinflationary Economies ("IAS 29"). For the year ended 31 December 2020, the country continued experiencing hyperinflationary pressures, with the inflation rate closing at 348.6% per annum as at 31 December 2020. In accordance with guidance issued by the Public Accountants and Auditors Board, the Group and Company utilised the ZWL consumer price indices to prepare inflation adjusted consolidated and separate financial statements. For the year ended 31 December 2020, the Group and Company recorded a net monetary loss adjustment of ZWL1,631.9 million and ZWL1,280.9 million respectively.</p> <p>Given the significance of the quantitative impact of IAS 29, we have assessed hyperinflation accounting as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Enquiring with management responsible for financial reporting on the considerations they took into account regards application of IAS 29 and testing the IAS 29 model designed and implemented by the Group and Company to ensure the completeness and accuracy of the key inputs. • Assessing that management applied the requirements of IAS 29 for restating or not restating transactions and balances. • Recalculating management's IAS 29 workings, using independently verified indices. • Inspecting the monetary proof calculation for accuracy in relation to the loss adjustment made to the net monetary position; and • Assessing the adequacy of the disclosures in inflation adjusted financial statements for compliance with IAS 29, Financial Reporting in Hyperinflationary Economies.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, Chief Executive Officer's review, Directors' Report, Corporate Governance Report, Enterprise Risk Management, Results from Operations and the unaudited financial information in the inflation adjusted consolidated and separate financial statements titled "Historical cost Unaudited", but does not include the inflation adjusted consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the inflation adjusted consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described below, we have concluded that such a material misstatement of the other information exists.

As described in the Basis for adverse opinion section above, due to non-compliance with IFRS, the RBZ legacy debt asset may be misstated and given the non-compliance with IAS 21 in the prior year the Group's and Company's current year's inflation adjusted financial statements may not be comparable with the prior year and the carrying value of equipment and intangible assets may be misstated. We have therefore concluded that the other information is materially misstated for the same reasons with respect to the amounts or other items in the Chairman's Statement, Chief Executive Officer's review, Directors' report, Results from Operations and the unaudited financial information in the inflation adjusted consolidated and separate financial statements titled "Historical cost Unaudited".

Responsibilities of the directors for the inflation adjusted consolidated and separate inflation financial statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with International Financial Reporting Standards and the manner required by the Companies and Other Business Entities Act [Chapter 24:31], and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the inflation adjusted consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

INDEPENDENT AUDITORS' REPORT (CONT'D)

expected to influence the economic decisions of users taken on the basis of these inflation adjusted consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the inflation adjusted consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.
- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
- From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



KPMG Zimbabwe
Registered Accountants and Auditors
Chartered Accountants (Zimbabwe)

Per: Brian Njikizana
Partner
Registered Public Auditor
PAAB Practicing Certificate Number 0363

31 May 2021

For and on behalf of, KPMG Chartered Accountants (Zimbabwe), Reporting Auditors
Mutual Gardens
100 The Chase (West)
Emerald Hill
P.O Box 6, Harare
Zimbabwe



**FINANCIAL
STATEMENTS**

GROUP STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2020

Notes	Inflation adjusted audited		Historical cost unaudited		
	2020 Group ZWLm	2019 Group ZWLm	2020 Group ZWLm	2019 Group ZWLm	
Revenue					
Gross earned premiums	4	5,000.3	5,045.7	3,109.3	473.1
Outward reinsurance		(910.6)	(996.3)	(584.4)	(101.7)
Net earned premiums		4,089.7	4,049.4	2,524.9	371.4
Investment income (non banking)	5	15,941.3	(41,969.6)	49,660.1	7,280.8
Banking interest and similar income	6	1,870.0	2,177.5	1,205.6	190.9
Fee income, commissions and income from service contracts	7	3,158.4	2,464.1	2,096.6	258.8
Other income	8	2,315.6	768.0	2,253.2	117.2
Total revenue		27,375.0	(32,510.6)	57,740.4	8,219.1
Expenses					
Claims and benefits (including change in insurance contract provisions)	9	(13,253.6)	16,535.5	(39,552.6)	(6,118.8)
Reinsurance recoveries		286.2	533.8	162.6	30.2
Net claims incurred		(12,967.4)	17,069.3	(39,390.0)	(6,088.6)
Change in provision for investment contract liabilities	10	(626.5)	2,944.1	(2,588.1)	(387.5)
Fees, commissions and other acquisition costs		(1,350.3)	(1,410.8)	(890.2)	(115.3)
Banking interest expense and similar expenses	6	(473.3)	(771.6)	(276.8)	(71.6)
Impairment charges		(775.2)	(476.0)	(755.3)	(46.4)
Other operating and administration expenses	11	(3,675.7)	(3,633.6)	(2,323.6)	(364.8)
Net monetary adjustment		(1,631.9)	6,894.3	-	-
Profit/(loss) before tax		5,874.7	(11,894.9)	11,516.4	1,144.9
Income tax (expense)/credit	12	633.2	184.4	(380.3)	(220.3)
Profit/(loss) for the year		6,507.9	(11,710.5)	11,136.1	924.6
Attributable to non-controlling interests		112.6	(341.8)	280.3	44.7
Attributable to owners of parent company		6,395.3	(11,368.7)	10,855.8	879.9
		6,507.9	(11,710.5)	11,136.1	924.6

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

Notes	Inflation adjusted audited		Historical cost unaudited	
	2020 Group ZWLm	2019 Group ZWLm	2020 Group ZWLm	2019 Group ZWLm
Profit/(loss) for the year	6,507.9	(11,710.5)	11,136.1	924.6
Other comprehensive income				
Items that will not be reclassified to profit or loss (net of tax)				
Property revaluation	381.4	1,506.4	2,929.7	662.1
Shadow accounting	(139.5)	(1,025.5)	(1,024.5)	(228.6)
Total other comprehensive income	241.9	480.9	1,905.2	433.5
Total other comprehensive income for the year	6,749.8	(11,229.6)	13,041.3	1,358.1
Total other comprehensive income attributable to:				
Owners of parent company	6,637.2	(10,887.8)	12,761.0	1,313.4
Non-controlling interests	112.6	(341.8)	280.3	44.7
	6,749.8	(11,229.6)	13,041.3	1,358.1
Earnings/(loss) per share				
Basic and diluted (cents)	1,926.0	(3,423.6)	3,269.4	265.0

COMPANY STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Inflation adjusted audited		Historical cost unaudited	
		2020 Company ZWLm	2019 Company ZWLm	2020 Company ZWLm	2019 Company ZWLm
Revenue					
Investment income	14	1,001.6	(5,046.6)	1,105.4	115.1
Other income	15	649.3	333.7	580.3	74.2
Total revenue		1,650.9	(4,712.9)	1,685.7	189.3
Expenses					
Other operating and administration expenses	16	(619.8)	(444.0)	(386.6)	(49.4)
Net monetary adjustment		(1,280.9)	1,585.5	-	-
Profit before tax		(249.8)	(3,571.4)	1,299.1	139.9
Income tax	17	(122.2)	59.7	(73.4)	(1.8)
Profit and total other comprehensive income for the year		(372.0)	(3,511.7)	1,225.7	138.1

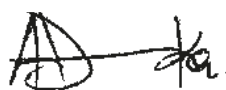
GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

Notes	Inflation adjusted audited		Historical cost unaudited		
	2020 Group ZWLm	2019 Group ZWLm	2020 Group ZWLm	2019 Group ZWLm	
Assets					
Investment property	18	22,841.2	19,838.0	22,841.2	4,422.3
Property and equipment	19	5,266.2	4,729.9	4,235.6	846.3
Intangible assets	20	542.4	291.1	93.5	9.4
Deferred acquisition costs		25.3	41.7	17.2	1.7
Reinsurer contracts	21	217.1	377.7	171.8	54.4
Investments and securities	22	39,384.3	27,484.2	39,384.3	6,126.8
Deferred tax assets	31	1.5	28.3	7.0	7.0
Current tax assets		60.5	64.1	60.5	14.3
Loans and advances	24	7,089.0	6,681.7	7,089.0	1,489.5
Other assets	25	12,111.8	4,460.3	10,769.7	694.7
Cash and cash equivalents	26	7,386.4	7,659.7	7,386.4	1,707.5
Total assets		94,925.7	71,656.7	92,056.2	15,373.9
Liabilities					
Insurance contract liabilities	27	47,539.6	37,909.0	47,431.0	8,301.8
Investment contract liabilities	28	3,275.0	2,652.1	3,275.0	591.2
Provisions	30	463.3	232.8	463.3	51.9
Deferred tax liabilities	31	515.8	1,343.1	437.3	308.8
Current tax payables		2.3	10.8	2.3	2.4
Amounts due to group companies	23	7,297.6	731.7	7,297.6	163.1
Amounts owed to bank depositors	32	13,037.2	11,491.1	13,037.2	2,561.6
Credit lines	33	3,153.9	4,026.5	3,153.9	897.6
Other liabilities	34	2,372.6	2,842.3	1,771.5	359.3
Total liabilities		77,657.3	61,239.4	76,869.1	13,237.7
Net assets		17,268.4	10,417.3	15,187.1	2,136.2
Shareholders' equity					
Share capital and premium	54	-	-	-	-
Non-distributable reserve		-	-	54.9	54.9
Revaluation reserve		1,539.4	1,297.5	2,358.3	453.1
Share based payment reserve		1,222.7	1,121.4	71.7	62.1
Regulatory provisions reserve		-	25.5	-	5.7
Currency conversion reserve		-	(229.8)	-	(13.3)
Retained earnings		14,176.6	7,985.6	12,359.5	1,511.3
Equity holders of the parent		16,938.7	10,200.2	14,844.4	2,073.8
Non-controlling interests		329.7	217.1	342.7	62.4
Total equity		17,268.4	10,417.3	15,187.1	2,136.2



DIRECTOR
31 May 2021



DIRECTOR
31 May 2021

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

Notes	Inflation adjusted audited		Historical cost unaudited		
	2020 Company ZWLm	2019 Company ZWLm	2020 Company ZWLm	2019 Company ZWLm	
Assets					
Investment property	43	24.5	45.1	24.5	10.1
Investments in subsidiary companies	44	2,825.6	3,998.7	125.2	194.3
Property and equipment	45	253.6	13.8	53.0	1.4
Intangible assets		1.7	2.1	0.3	0.3
Investments and securities	46.1	1,630.8	1,341.9	1,630.8	299.1
Amounts due by group companies	47	73.6	64.1	73.6	14.3
Current tax receivable		-	4.4	-	0.9
Other assets	48	6,749.8	114.5	6,749.8	25.5
Cash and cash equivalents	49	108.9	143.9	108.9	32.1
Total assets		11,668.5	5,728.5	8,766.1	578.0
Liabilities					
Provisions	51	40.4	24.4	40.4	5.4
Deferred tax liability	52	74.6	18.3	11.2	3.7
Amounts due to group companies	47	7,100.5	423.6	7,100.5	94.4
Current tax payable		1.7	-	1.7	-
Other liabilities	53	77.0	434.0	77.0	96.8
Total liabilities		7,294.2	900.3	7,230.8	200.3
Net assets		4,374.3	4,828.2	1,535.3	377.7
Shareholders' equity					
Share capital and premium	54	-	-	-	-
Non-distributable reserve		-	-	20.0	20.0
Share based payment reserve		2,402.7	2,408.9	62.5	66.1
Currency conversion reserve		-	94.7	-	3.8
Retained earnings		1,971.6	2,324.6	1,452.8	287.8
Total equity		4,374.3	4,828.2	1,535.3	377.7

 Ratseke

DIRECTOR
31 May 2021



DIRECTOR
31 May 2021

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital & premium ZWLm	Share based payment reserve ZWLm		Regulatory provisions reserve ZWLm	Currency conversion reserve ZWLm	Retained earnings ZWLm	Equity holders of the parent ZWLm		Non-controlling interests ZWLm	Equity total ZWLm
		Revaluation reserve ZWLm	Share based payment reserve ZWLm				holders of the parent ZWLm	total ZWLm		
Inflation adjusted - audited 2020										
Shareholders' equity at beginning of year	-	1,297.5	1,121.4	25.5	(229.8)	7,985.6	10,200.2	217.1	10,417.3	
Profit for the financial year	-	-	-	-	-	6,395.3	6,395.3	112.6	6,507.9	
Shadow accounting	-	(139.5)	-	-	-	-	(139.5)	-	(139.5)	
Revaluation of property	-	381.4	-	-	-	-	381.4	-	381.4	
Total Comprehensive income for the year	-	241.9	-	-	-	6,395.3	6,637.2	112.6	6,749.8	
Movement in share based payment reserve	-	-	101.3	-	-	-	101.3	-	101.3	
Transfers between reserves	-	-	-	(25.5)	229.8	(204.3)	-	-	-	
Transactions with shareholders	-	-	101.3	(25.5)	229.8	(204.3)	101.3	-	101.3	
Shareholders' equity at end of year	-	1,539.4	1,222.7	-	-	14,176.6	16,938.7	329.7	17,268.4	
2019										
Shareholders' equity at beginning of year	-	816.6	1,333.2	144.4	-	20,053.6	22,347.8	658.5	23,006.3	
Impact on adoption of new currency	-	-	-	(118.9)	(229.8)	-	(229.8)	-	(229.8)	
Transfer of regulatory impairment allowance	-	-	-	-	-	118.9	-	-	-	
Profit for the financial year	-	-	-	-	-	(11,368.7)	(11,368.7)	(341.8)	(11,710.5)	
Other comprehensive income	-	(1,025.5)	-	-	-	-	(1,025.5)	-	(1,025.5)	
Shadow accounting	-	1,506.4	-	-	-	-	1,506.4	-	1,506.4	
Revaluation of property	-	-	-	-	-	-	-	-	-	
Total Comprehensive income for the year	-	480.9	-	-	-	(11,368.7)	(10,887.8)	(341.8)	(11,229.6)	
Movement in share based payment reserve	-	-	(211.8)	-	-	-	(211.8)	-	(211.8)	
Acquisition of interest in subsidiary	-	-	-	-	-	1.3	1.3	(99.6)	(98.3)	
Dividends declared	-	-	-	-	-	(819.5)	(819.5)	-	(819.5)	
Transactions with shareholders	-	-	(211.8)	-	-	(818.2)	(1,030.0)	(99.6)	(1,129.6)	
Shareholders' equity at end of year	-	1,297.5	1,121.4	25.5	(229.8)	7,985.6	10,200.2	217.1	10,417.3	

Notes

10.1

10.1

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

Notes	Share capital & premium ZWLm	Share distributable reserve ZWLm	Non-distributable reserve ZWLm	Revaluation reserve ZWLm	Share based payment reserve ZWLm	Regulatory provisions reserve ZWLm	Currency conversion reserve ZWLm	Retained earnings ZWLm	Equity holders of the parent total ZWLm	Non-controlling interests ZWLm	Equity total ZWLm
Historical cost - unaudited 2020											
Shareholders' equity at beginning of year	-	54.9	-	453.1	62.1	5.7	(13.3)	1,511.3	2,073.8	62.4	2,136.2
Profit for the financial year	-	-	-	-	-	-	-	10,855.8	10,855.8	280.3	11,136.1
Shadow accounting	-	-	-	(1,024.5)	-	-	-	-	(1,024.5)	-	(1,024.5)
Revaluation of property	-	-	-	2,929.7	-	-	-	-	2,929.7	-	2,929.7
Total Comprehensive income for the year	-	-	-	1,905.2	-	-	-	10,855.8	12,761.0	280.3	13,041.3
Movement in share based payment reserve	-	-	-	-	9.6	-	-	-	9.6	-	9.6
Transfer between reserves	-	-	-	-	-	(5.7)	13.3	(7.6)	-	-	-
Transactions with shareholders	-	-	-	-	9.6	(5.7)	13.3	(7.6)	9.6	-	9.6
Shareholders' equity at end of year	-	54.9	-	2,358.3	71.7	-	-	12,359.5	14,844.4	342.7	15,187.1
2019											
Shareholders' equity at beginning of year	-	51.3	-	19.6	33.7	5.2	-	690.9	800.7	24.7	825.4
Impact on adoption of new currency	-	-	-	-	-	-	(13.3)	-	(13.3)	-	(13.3)
Profit for the financial year	-	-	-	-	-	-	-	879.9	879.9	44.7	924.6
Shadow accounting	-	-	-	(228.6)	-	-	-	-	(228.6)	-	(228.6)
Revaluation of property	-	-	-	662.1	-	-	-	-	662.1	-	662.1
Total Comprehensive income for the year	-	-	-	433.5	-	-	-	879.9	1,313.4	44.7	1,358.1
Movement in share based payment reserve	-	-	-	-	28.4	-	-	-	28.4	-	28.4
Transfer to reserve	-	3.6	-	-	-	0.5	-	(4.1)	-	-	-
Acquisition of interest in subsidiary	-	-	-	-	-	-	-	-	-	(7.0)	(7.0)
Dividends declared	-	-	-	-	-	-	-	(55.4)	(55.4)	-	(55.4)
Transactions with shareholders	-	3.6	-	-	28.4	0.5	-	(59.5)	(27.0)	(7.0)	(34.0)
Shareholders' equity at end of year	-	54.9	-	453.1	62.1	5.7	(13.3)	1,511.3	2,073.8	62.4	2,136.2

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

Inflation adjusted - audited	Share capital & premium ZWLm	Non-distributable reserve ZWLm	Share based payment reserve ZWLm	Currency conversion reserve ZWLm	Retained earnings ZWLm	Equity total ZWLm
2020						
Shareholders' equity at beginning of year	-	-	2,408.9	94.7	2,324.6	4,828.2
Changes in equity arising in the year						
Profit for the financial year	-	-	-	-	(372.0)	(372.0)
Total comprehensive income	-	-	-	-	(372.0)	(372.0)
Movement in share based payment reserve	-	-	(6.2)	-	-	(6.2)
Transfer between reserves	-	-	-	(94.7)	94.7	-
Loss of interest in subsidiary	-	-	-	-	(75.7)	(75.7)
Shareholders' equity at end of year	-	-	2,402.7	-	1,971.6	4,374.3
2019						
Shareholders' equity at beginning of year	-	-	2,310.2	-	6,718.5	9,028.7
Impact on adoption of new currency	-	-	-	94.7	-	94.7
Changes in equity arising in the year						
Profit for the financial year	-	-	-	-	(3,511.7)	(3,511.7)
Total comprehensive income	-	-	-	-	(3,511.7)	(3,511.7)
Movement in share based payment reserve	-	-	98.7	-	-	98.7
Dividends declared	-	-	-	-	(882.2)	(882.2)
Shareholders' equity at end of year	-	-	2,408.9	94.7	2,324.6	4,828.2

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

Historical cost - unaudited	Share capital & premium ZWLm	Non-distributable reserve ZWLm	Share based payment reserve ZWLm	Currency conversion reserve ZWLm	Retained earnings ZWLm	Equity total ZWLm
2020						
Shareholders' equity at beginning of year	-	20.0	66.1	3.8	287.8	377.7
Changes in equity arising in the year						
Profit for the financial year					1,225.7	1,225.7
Total comprehensive income	-	-	-	-	1,225.7	1,225.7
Movement in share based payment reserve	-	-	(3.6)	-	-	(3.6)
Transfer between reserves	-	-	-	(3.8)	3.8	-
Loss of interest in subsidiary	-	-	-	-	(64.5)	(64.5)
Shareholders' equity at end of year	-	20.0	62.5	-	1,452.8	1,535.3
2019						
Shareholders' equity at beginning of year	-	20.0	59.3	-	209.5	288.8
Impact on adoption of new currency	-	-	-	3.8	-	3.8
Changes in equity arising in the year						
Profit for the financial year	-	-	-	-	138.1	138.1
Total comprehensive income	-	-	-	-	138.1	138.1
Movement in share based payment reserve	-	-	6.8	-	-	6.8
Dividends	-	-	-	-	(59.8)	(59.8)
Shareholders' equity at end of year	-	20.0	66.1	3.8	287.8	377.7

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

Notes	Inflation adjusted audited		Historical cost unaudited	
	2020 Group ZWLm	2019 Group ZWLm	2020 Group ZWLm	2019 Group ZWLm
Cash flows from operating activities				
Profit/(Loss) before tax	5,874.7	(11,894.9)	11,516.4	1,144.9
Non-cash movements and adjustments to profit before tax	60.1	(1,181.1)	(5,671.9)	(219.2)
Changes in working capital	60.2	25,890.7	5,739.1	1,505.6
Taxation paid	60.3	417.6	(255.3)	(50.7)
Net cash from operating activities	6,389.3	13,232.3	11,328.3	2,380.6
Cash flows from investing activities				
Acquisition of financial assets	(10,990.4)	(17,064.4)	(8,600.7)	(1,656.4)
Proceeds from disposal/maturity of financial assets	6,388.8	11,568.7	1,536.8	1,016.9
Disposal/(Acquisition) of investment properties	368.2	(733.9)	286.8	(103.5)
Acquisition of intangibles, property and equipment	(939.6)	(1,007.1)	(520.5)	(83.0)
Proceeds from disposal of intangibles, property and equipment	9.6	160.6	1.9	5.7
Net cash used in investing activities	(5,163.4)	(7,076.1)	(7,295.7)	(820.3)
Cash flows from financing activities				
Dividends paid	60.4	(459.9)	-	(40.5)
Credit lines received	9,793.8	1,594.3	3,499.7	1,067.2
Credit lines paid	(13,191.2)	(4,637.7)	(3,768.2)	(1,147.0)
Net cash used in financing activities	(3,397.4)	(3,503.3)	(268.5)	(120.3)
Net increase/(decrease) in cash and cash equivalents	(2,171.5)	2,652.9	3,764.1	1,440.0
Net foreign exchange differences on cash and cash equivalents	1,898.2	500.7	1,914.8	106.5
Cash and cash equivalents at the beginning of the year	7,659.7	4,506.1	1,707.5	161.0
Cash and cash equivalents at the end of the year	7,386.4	7,659.7	7,386.4	1,707.5

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

Notes	Inflation adjusted audited		Historical cost unaudited	
	2020 Company ZWLm	2019 Company ZWLm	2020 Company ZWLm	2019 Company ZWLm
Cash flows from operating activities				
	(249.8)	(3,571.4)	1,299.1	139.9
Profit/(Loss) before tax				
Non-cash movements and adjustments to profit before tax	61.1	1,320.6	(1,198.0)	(167.5)
Changes in working capital	61.2	1,750.4	144.3	7.6
Taxation paid	61.3	8.6	(64.9)	(1.4)
Net cash from operating activities	(1,434.1)	(491.8)	180.5	(21.4)
Cash flows from investing activities				
Acquisition of financial assets	(276.9)	(125.1)	(339.0)	(8.6)
Disposal of financial assets	782.6	1,379.4	225.8	190.5
Proceeds from disposal of property and equipment	7.0	1.4	0.7	-
Disposal/(Increase) in investments in subsidiaries	1,173.2	(678.7)	69.1	(110.3)
Acquisition of property and equipment	(286.8)	(14.4)	(60.3)	(1.6)
Net cash used in from investing activities	1,399.1	562.6	562.6	70.0
Cashflows from financing activities				
Treasury shares sold	-	96.0	-	6.7
Dividends paid	61.4	(612.8)	-	(44.4)
Net cash used in financing activities	-	(516.8)	-	(37.7)
Net increase/(decrease) in cash and cash equivalents	(35.0)	(446.0)	76.8	10.9
Cash and cash equivalents at the beginning of the year	143.9	589.9	32.1	21.2
Cash and cash equivalents at the end of the year	108.9	143.9	108.9	32.1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General Information

Old Mutual Zimbabwe Limited (OMZIL), the Company, and its subsidiaries are incorporated in Zimbabwe. These consolidated financial statements comprise the Company and its Subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group's Subsidiaries and main activities are as follows:

- Central Africa Building Society (CABS) - mortgage lending and banking which in turn wholly owns Old Mutual Finance (Private) Limited (OMFIN);
- Old Mutual Life Assurance Company Zimbabwe Limited (OMLAC) - life assurance, pension and employee benefits services;
- Old Mutual Investment Group Zimbabwe (Private) Limited (OMIG) - asset management;
- Old Mutual Securities (Private) Limited (OMSEC) - licensed securities dealing firm;
- RM Insurance Holdings Company Limited (RMI), with an operating subsidiary, Old Mutual Insurance Company (Private) Limited (OMICO) - short term insurer.

The holding company (OMZIL) is a 75% owned subsidiary of OM Zimbabwe Holdco Limited which is ultimately a wholly owned subsidiary of Old Mutual Limited (OML), listed on Johannesburg Stock Exchange and Namibia Stock Exchange.

2. Accounting Policies

2.1 Statement of compliance

The financial statements are prepared in accordance with measurement and recognition principles of International Financial Reporting Standards (IFRSs) and in accordance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31) (successor legislation to the former Companies Act Chapter 24:03). The Group is also regulated by the Insurance Act (Chapter 24:07), the Pension and Provident Funds Act (Chapter 24:09), the Building Societies Act (Chapter 24:02), the Microfinance Act (Chapter 24:29), the Asset Management Act (Chapter 24:26), the Securities Act (Chapter 24:25), the Collective Investment Schemes Act (Chapter 24:19). IFRSs comprise standards adopted by the International Accounting Standards Board (IASB) and interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC).

While full compliance with IFRSs was possible in previous reporting periods up to 2017, the financial information for years ended 31 December 2018 and 31 December 2019, only achieved partial compliance with IFRSs as explained in detail in note 2.3.1 as below:

2.2 Basis of preparation

The financial statements provide information about the financial position, results of operations, and changes in the financial position of the Group. They are based on the statutory records that are maintained under the historical cost convention with the exception of:

- investments and securities, investment properties, and owner occupied properties which are included at valuation as described in Note 2.9 and 2.13 below;
- insurance contract provisions and provisions for investment contracts with discretionary participating features which are calculated on a Financial Soundness Valuation Basis as per Note 2.6 below.

The financial statements take into account the effects of inflation in accordance with the International Accounting Standard 29 (IAS 29), "Financial Reporting in Hyperinflationary Economies". The inflation adjusted financial statements represent the primary financial statements of the Company and the Group. Historical cost financial statements have been presented as supplementary information to the restated financial statements.

IAS 29, requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date, and that corresponding figures for previous periods be restated in the same terms.

The restatement of the historical cost numbers is based on the conversion factors derived from the consumer price index (CPI) issued by the Zimbabwe Central Statistical Office (C.S.O). The indices and conversion factors used to restate the accompanying financial statements as at 31 December 2020 are given below:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

Dates	Indices	Conversion Factors
31/12/2020	2474.51	1.0000
31/12/2019	551.63	4.4859
31/12/2018	88.81	27.8639

The main procedures applied for the above-mentioned restatement are as follows:

- i. All corresponding figures as of and for the year ended 31 December 2019 are restated by applying the change in the index from 31 December 2019 to 31 December 2020.
- ii. Monetary assets and liabilities that are carried at amounts current at balance sheet date are not re-stated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- iii. Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and components of shareholders equity are restated by applying the change in the index from the date of the transaction or if applicable from the date of their most recent revaluation to 31 December 2020. An impairment loss is recognised in profit or loss if the remeasured amount of a non-monetary item exceeds its estimated recoverable amount.
- iv. Property, plant and equipment that is not current at the statement of financial position date is restated from the date of initial application of hyperinflation conditions, that is, 1 January 2018 or from the transaction date if purchased after 1 January 2018. Depreciation and amortisation amounts are based on restated costs. Owner occupied buildings are revalued annually at the balance sheet date, and therefore are being carried at amounts current at the balance sheet date, are not restated. The depreciation amounts are based on the opening restated amounts.
- v. Deferred tax is calculated on restated carrying amounts.
- vi. Profit or loss items/transactions, except the depreciation and amortisation charges explained above, are restated by applying the change in the index from the date of the transaction to 31 December 2020.
- vii. The effect of inflation on the net monetary position of the entity is included in the income statement as loss or gain on monetary position.
- viii. All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date.

In 2019, the Group determined inflation adjusted unrealised fair value gains or losses on the historical asset or liability base for assets and liabilities measured at fair value, with the inflation effects on the opening balance recognised through the net monetary loss line in the statement of profit and loss. To provide reliable and more relevant information about the effects of inflation on the fair value adjustments, management revised the methodology to consider the effects of inflation on the opening balance of assets and liabilities which are measured at fair value. The change has no impact on the value of the assets and liabilities and net result of the Group.

2.2.1 Translation of US\$ transactions in the General Insurance business

For the 2019 financial year the United States Dollar denominated transactions in the General Insurance business, OMICO, were translated using the monthly average official auction exchange rates and the closing rate for the Statement of Comprehensive Income and Statement of Financial Position transactions, respectively. The insurance management system did not have sufficient multi-currency capability and the ability to break down batch totals of transactions for the application of spot rates, it is for this practical reason that management adopted the use of monthly averages in translating the United States Dollar transactions.

However, it was the directors' view that the fluctuations did not have a material effect on the financial statements, as for 6 months in 2019, exchange rates did not fluctuate significantly within the month with the extent of movements between the opening and closing rates within the month being less than 10%. As a result, the difference between using a spot rate and the average rate was not significant. US\$ business was only 1% of net premiums in 2019 while US\$ net claims were 3% of net claims.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

The table below outlines the proportion of the US\$ business for premiums, claims and foreign exchange differences:

	Gross Amount USDm	Reinsurance USDm	OMICO Net USDm	Inflation adjusted OMICO Net ZWLm	Inflation adjusted Total Group-Net ZWLm	Group %
Net premiums	7.4	(6.3)	1.1	77.1	4.049.4	2%
Claims paid	(1.0)	0.5	(0.5)	(38.8)	(3,111.9)	1%
Claims incurred not paid	(1.5)	1.4	(0.1)	(1.9)	(32.0)	6%
Total Claims	(2.5)	1.9	(0.6)	(40.7)	(3,143.9)	1%
Foreign exchange gains and losses	-	-	-	(33.1)	500.6	-7%

2.3 Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Critical accounting estimates are those which involve the most complex or subjective judgement or assessments. The areas of the Group's business that typically require such estimates are life insurance contract provisions, determination of the fair value for financial assets and liabilities and investment properties. For part of the year ended 31 December 2019, the determination of functional currency has been a key judgement area. Insurance contract accounting and key assumptions made in determining insurance contract provisions are discussed in more detail in note 2.6.

2.3.1 Functional currency

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRSs). IFRSs comprise interpretations adopted by the International Accounting Standards Board (IASB), which includes standards adopted by the IASB and interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC).

In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 (S.I. 33) of 2019, which, based on our legal interpretation, for accounting and other purposes, prescribed parity between the US Dollar and local currency as at and up to the effective date of 22 February 2019, and also prescribed the manner in which certain balances in the financial statements would be treated as a consequence of the recognition of the RTGS Dollar as currency in Zimbabwe. It is the Group's view that the prescribed parity in value between local currency and the US\$ did not accurately reflect underlying market economic conditions between 1 October 2018 and 22 February 2019.

For the prior year, 2019, S.I. 33 also applied up to 22 February 2019. The exchange differences that arose on translating foreign currency denominated assets and liabilities on the date of change in the Group's functional currency were accounted for through the Currency conversion reserve, which was reclassified to retained earnings in current year. In February 2019, the interbank market was introduced, for trading of currencies, for which the starting exchange rate was ZWL2.5 to US\$1. Exchange rate closed the prior year, at 31 December 2019, at ZWL16.774 to US\$1.

On the 26 March 2020, the RBZ, the Central Bank, suspended the managed floating exchange rate system and adopted a fixed exchange rate system at the rate of ZWL25 to US\$1 with effect from 27 March 2020. This rate was in use till 23 June 2020. Foreign currency transactions recorded during this period constitute 3% of the total transactions recorded during the year and also 20% of the total foreign currency transactions recorded in the year. It is management's view that this does not constitute a significant proportion of the transactions recorded during the year and use of the prescribed fixed exchange rate during this period does not materially impact the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.3.1 Functional currency (cont'd)

Statutory Instrument 142 (S.I. 142) of 2019 was promulgated in June 2019 which effectively established the ZWL as the sole currency for domestic transactions. The RBZ introduced a weekly Reuters based foreign exchange auction, with the first auction held on 23 June 2020, thereby replacing the interbank system. The trades are conducted weekly with the rate from the last auction being the official rate for the week. The auction determined rate has become the official exchange rate used in converting foreign denominated transactions and balances in these financial statements. The closing exchange rate as at 31 December 2020 was 81.79. The Group was able to access funds from the auction to make foreign payments during the year.

The Zimbabwe government gazetted Statutory Instrument 185 (S.I. 185) of 2020 on 24 July, 2020. The regulation requires sellers of goods and services to display, quote, and offer prices in both the Zimbabwean dollar and foreign currency at the ruling auction exchange rate. Therefore, in accordance with International Accounting Standard ("IAS") 21, The Effects of Changes in Foreign Exchange Rates, entities need to assess whether functional currency has changed. The Group's assessment was based on weighting the volume of the local currency business against the foreign currency business. Foreign currency transactions recorded constitute 2% of total transactions recorded during the year. It is management's view that this does not constitute a significant proportion of the transactions recorded during the year. Resultantly, the Group's functional currency remains the ZWL.

2.3.2 Other critical estimates and judgements

Valuation of investment properties, financial assets, and liabilities

The fair values of investment properties, financial assets, and liabilities are classified and accounted for in accordance with the policies set out in section 2.9 and 2.13 below. They are valued on the basis of listed market prices in so far as this is possible. If prices are not readily determinable, fair value is based either on internal valuation models or management estimates of amounts that could be realised under current market conditions.

The translation of the foreign currency denominated assets and liabilities to local currency is based on the year-end exchange rate while transactions are translated at the average exchange rate for the reporting period.

Investments where Group holds 20% or more

The Group is required to make judgements on what constitutes an investment in associate. IAS 28 "Investments in Associates and Joint Ventures" defines an associate as an entity in which the investor has significant influence. The standard states that if an entity holds 20%, directly or indirectly of the voting power of the investee, it is presumed that the entity has significant influence unless it can clearly be demonstrated that it is not the case. In determining significant influence factors such as board representation, level of transactions and ability to exercise significant influence are also considered. The Standard provides an exemption for venture capital organisations, mutual funds, unit trusts and similar entities including investment linked insurance funds to measure investments in those entities at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments: Recognition and measurement".

The Group has investment linked insurance funds which include investments in which the Group has more than 20% disclosed on Note 22.5. These funds are backed by investment contracts with discretionary participating features and meet the following characteristics:

- The policyholder has a clear understanding of the type of investments the Group invests in;
- There is a link between the investments and what the policyholders are entitled to;
- The valuation of the liability is based on the value of the assets; and
- The assets backing these liabilities are ring-fenced.

The Group has funds which operate like unit trusts and there also include investments in which the Group has more than 20%. These funds where the Group holds 20% or more, which back policyholder liabilities, are accounted for in terms of IFRS 9, at fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.3.2 Other critical estimates and judgements (cont'd)

Valuations of housing projects

Inventory comprises housing units/housing projects which are valued at the lower of cost or net realisable value of the completed housing units. The significant judgement is the estimate of cost to completion used in determination of the net realisable value. Management makes use of external valuations performed by valuers for confirmation of the determined net realisable value.

Valuation of Treasury bills

Financial instruments comprise of treasury bills instruments. The valuation of treasury bills on initial recognition, and the subsequent measurement thereof, has been identified as a complex area due to the fact that there are varying views in the banking sector on the correct accounting treatment of these treasury bills, and due to the absence of an active market with sufficient trades to inform the fair value of the treasury bills. The treasury bills are disclosed in note 22.6 and are recorded at fair value.

Foreign denominated Legacy debts /Blocked funds

Foreign currency legacy debts or blocked funds refer to foreign currency denominated external payments that were due and payable at 22 February 2019, when the Central bank introduced the RTGS local currency. The RBZ committed to providing foreign currency at rate of US\$1: RTGS\$1 or ZWL1, to settle registered legacy debts or blocked funds. In June 2019, the RBZ directed authorised dealers to transfer to the RBZ Zimbabwe Dollar balances at an exchange rate of ZWL1:US\$1 in relation to foreign currency legacy debts to be registered. During the course of 2019 and 2020, the Group made applications relating to foreign currency obligations incurred in US\$ between 2012 and 2018, when the functional currency was US\$ and prior to promulgation of S.I. 33 of February 2019, to providers of offshore lines of credit as well as related parties within the wider Old Mutual Limited Group.

CABS, the banking subsidiary, during 2019, registered for US\$30.3m owing mostly to loan repayments for offshore lines of credit and foreign suppliers of goods and services, of which US\$26.4m was finally approved and registered by the RBZ. During 2020, the OMZIL company got approval for US\$83.8m in respect of unremitted dividends (US\$32.1m), payables for the indigenisation transaction (US\$50m) and management fees (US\$1.7m). Following these approvals, ZWL32.1m was transferred to the RBZ in April 2020, ZWL50 million relating to the indigenisation transaction was transferred in May 2020, and the remaining ZWL1.7m was transferred in June 2020.

With the approval and registration of the legacy debts with the RBZ, a receivable has been recognised by the Group based on a legitimate expectation that cashflows will be realised by the Group under the arrangement. A key requirement under IFRS, of the need for a contractual obligation to perform on the part of the other party for asset recognition criteria to be met is not present in this instance. The receivable from the RBZ was recognised, reflecting the value of expected cashflows. However, the RBZ has not yet issued an instrument prescribing the manner in which the requisite foreign currency will be provided to the Group. The respective foreign currency obligations in respect of which legacy debt had been applied for and approved remain as US\$ liabilities in the financial statements and converted at the auction exchange rate, at each reporting date. The resulting exchange gains & losses as well as credit losses are recognised in profit or loss.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.4 Scope of consolidation

2.4.1 Subsidiary undertakings

Subsidiary undertakings are those entities controlled by the Group. The financial statements of subsidiaries are included in the Group financial statements from the date that control commences until the date that control ceases. Subsidiary undertakings include structured entities that are created and designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements.

The results of subsidiary undertakings acquired and disposed of during the year are included in profit or loss from the date of acquisition, up to the date of disposal or control ceasing. Intra-Group balances and transactions, and all profits and losses arising from intra-Group transactions, are eliminated in preparing the Group financial statements. Unrealised losses are not eliminated to the extent that they provide evidence of impairment.

Non-controlling interests (NCI) are measured at their proportionate share of the values of the assets and liabilities recognised at initial recognition in business combination. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). The parent company financial statements present information about the Company as a separate entity and not about the Group.

2.4.2 Structured Entities

Control exists when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group remains exposed to the variability of returns from the performance of the other entity. The Group considers evidence from its holding of debt or equity instruments as well as other forms of involvement such as provision of funding, liquidity support, credit enhancement and guarantees to the other entity. The Group financial statements include the assets, liabilities, and results of the Group together with subsidiary undertakings controlled by the Group.

2.4.3 Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured as a financial asset at fair value when control is lost, or in terms of IAS 28 if it is an associate.

2.5 Revenue

Revenue comprises premium income from insurance contracts and investment contracts with a discretionary participating feature, fee income from investment management contracts, commission income, banking interest income and commission, non-banking interest income, dividend income, investment income, and fees for administration and management of policyholder funds. Banking interest income and expense presented in the statement of profit or loss and other comprehensive income include interest on financial assets and financial liabilities and all fees received and paid measured at amortised cost calculated on an effective interest rate basis. Fees are included if they are integral to the calculation of the effective interest rate. Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. Fees charged for management services provided are recognised as revenue in profit or loss as the services are provided. Revenue is also accounted for in accordance with the particular accounting policies as set out in section 2.6 and 2.13 below.

2.6 Insurance and investment contracts

2.6.1 Classification of contracts

Contracts under which the Group accepts significant insurance risk from another party (the policyholder), by agreeing to compensate the policyholder or other beneficiary of a specified uncertain future event (the insured event) which adversely affects the policyholder, are classified as insurance contracts. Insurance risk is risk which is distinct from financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided that in the case of a non-financial variable that the variable is not specific to a party to the contract.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.6 Insurance and investment contracts (cont'd)

2.6.1 Classification of contracts (cont'd)

Insurance risk is significant if, and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance. If significant additional benefits would be payable in scenarios that have commercial substance, then significant insurance risk exists even if the insured event is extremely unlikely or even if the expected present value of contingent cash flows is a small proportion of the expected present value of all remaining contractual cash flows.

A contract that is classified as an insurance contract remains an insurance contract, until all rights and obligations are extinguished or expire. Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant are classified as investment contracts. Contracts with a discretionary participating feature are those under which the policyholder holds a contractual right to receive additional payments as a supplement to guaranteed minimum payments. These additional payments, the amount or timing of which is at the Group's discretion, represent a significant portion of the total contractual payments and are contractually based on:

- the performance of a specified pool of contracts or a specified type of contract, and
- realised and/or unrealised investment returns on a specified pool of assets held by the Group.

Contracts with a discretionary participating feature may be classified either as insurance contracts or investment contracts. In the case of the Group all contracts with a discretionary participating feature are accounted for in the same manner as insurance contracts.

2.6.2 Premiums on contracts

Premiums and annuity considerations receivable under insurance contracts and investment contracts with a discretionary participating feature are recognised gross of commission and exclude taxes and levies. Premiums in respect of other insurance contracts and investment contracts with a discretionary participation feature are recognised when due for payment. Outward reinsurance premiums are recognised when due for payment. Amounts received under investment contracts other than those with a discretionary participating feature are recorded as deposits in investment contract liabilities.

2.6.3 Revenue on investment management service contracts

Revenue from asset management consists of asset management fees, performance fees and administration fees. Fees are recognised as revenue over time as the Group provides the services. When the Group receives up-front payments for services to be rendered in the future, the payments are accounted for as contract liabilities (deferred revenue liabilities). If the amount of the fee can be reliably estimated, the Group recognises revenue over time as the services are rendered. If the fee cannot be reliably estimated, the recognition of fees-based variables are delayed until significant uncertainty regarding the Group's entitlement to the fee and the measurement of the fee have been resolved.

2.6.4 Claims on contracts

Claims and benefits incurred under insurance contracts and investment contracts with a discretionary participating feature include maturities, annuities, surrenders, pension commutations, withdrawal benefits, and death and disability payments and are recognised in profit or loss.

Maturity and annuity claims are recorded as they fall due for payment. Death and disability claims and surrenders are accounted for when notified. Reinsurance recoveries are accounted for in the same period as the related claim.

Amounts paid under investment contracts other than those with a discretionary participating feature are recorded as deductions from investment contract liabilities. Claims incurred in respect of short-term insurance general business consist of claims, and claims handling expenses paid during the financial year, together with the movement in the provision for outstanding claims.

Claims outstanding comprise provision for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and an appropriate prudential margin. Claims outstanding are assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as change in claims handling procedure, inflation, judicial trends, legislative changes and past experience and trends. Claim provisions for claims outstanding are discounted where there is a particularly long period from incident to claims settlement and where there exists a suitable claims pattern from which to calculate the discount.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.6.5 Insurance contract liabilities and investment contracts with a discretionary participating feature

Insurance contract provisions are measured using the Financial Soundness Valuation (FSV) method as set out in the guidelines issued by the Actuarial Society of South Africa (ASSA) in Standard of Actuarial Practice (SAP) 104 (version 8). Under this guideline, provisions are valued using realistic expectations of future experience, with prescribed margins for prudence and deferral of profit emergence.

Provisions for investment contracts with a discretionary participating feature are also computed using FSV method. Surplus allocated to policyholders but not yet distributed (i.e. bonus smoothing reserve) related to these contracts is included as a carrying value of liabilities. Investment options and guaranteed payments are computed on the prospective deposit method, which produces reserves equal to the present value of future benefit payments.

Derivatives embedded in an insurance contract are not separated and measured at fair value if the embedded derivative itself qualifies for recognition as an insurance contract. The entire contract is measured as described above.

The Group performs liability adequacy testing on its insurance liabilities (including investment contract liabilities with discretionary participating features) to ensure that the carrying amount of its liabilities is sufficient in view of estimated future cash flows. When performing the liability adequacy test, the Group discounts all contractual cash flows and compares this amount to the carrying value of the liability. Where a shortfall is identified, an additional provision is made. The provision estimation techniques and assumptions are periodically reviewed, with any changes in estimates being reflected in profit or loss as they occur.

Whilst the directors consider that the gross insurance contract provisions and the related reinsurance recovery are fairly recognised on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events, and may result in significant adjustments to the amount provided. The Group applies shadow accounting in relation to certain insurance contract provisions, which are supported by owner-occupied properties, on which unrealised gains and losses are recognised within other comprehensive income.

2.6.6 Investment contract liabilities

Liabilities for investment contracts without a discretionary participating feature are classified as financial liabilities at fair value through profit or loss and are measured at fair value. For unit linked and market linked contracts, this is calculated as the account balance, which is the value of the units allocated to the policyholder, based on the bid price value of the assets in the underlying fund (adjusted for tax). For other linked contracts, the fair value of the liability is determined by reference to the fair value of the underlying assets, and is in accordance with the FSV method, except that negative dollar reserves arising from the capitalisation of future margins are not permitted. The fair value of the liability is subject to the "deposit floor" such that the liability established cannot be less than the amount repayable on demand.

2.6.7 Acquisition costs on long-term insurance

Acquisition costs, disclosed as sales remuneration, comprise all direct and indirect costs arising from the sale of insurance contracts. The FSV method, used to determine insurance contract provisions and provisions for investment contracts with a discretionary participating feature, makes implicit allowance for the deferral of acquisition costs; therefore, no explicit deferred acquisition cost asset is recognised in the statement of financial position for the contracts issued in these areas.

2.6.8 Deferred acquisition costs in respect of investment management service contracts

Costs that are directly attributable to securing an investment management service contract are deferred if they can be identified separately and measured reliably and it is probable that they will be recovered. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with the customer that it would not have incurred if the contract had not been obtained.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.7 Intangible assets

Intangible assets are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses.

Intangible assets are amortised over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method is reviewed at least each financial year-end. Changes in expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Intangible assets are amortised over a period of 5 years using the straight-line method.

The carrying value of capitalised development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. On derecognition of intangible assets the remaining carrying amount of the asset is written down in profit or loss in the period of derecognition.

2.8 Investment in subsidiary companies

Investments in subsidiary companies are initially recognised at cost. Subsequent measurement is at cost less any impairment.

2.9 Investment property

Investment property is real estate held to earn rentals and/or for capital appreciation. It does not include owner-occupied property.

Investment properties are initially measured at cost and subsequently at fair value through profit or loss. Recorded values are determined by internal professional valuers who perform valuations annually. The recorded values are tested by comparing with values determined by independent external valuers for a sample of properties accounting for at least 65% of the total value of the property portfolio or for at least the top twenty five buildings by value and as well as properties being valued for the first time.

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal.

The valuation methodology adopted is dependent upon the nature of the property. The income capitalisation method was applied on all income producing properties. This method was applied on industrial, retail, and commercial properties and offices. The direct comparison method was applied to land holdings and residential properties. Property developments are valued in a similar manner to income generating assets except where information about future net income cannot be determined with sufficient confidence, in which case fair value is estimated with reference to the value of the land, and the cost of construction to date.

Surpluses and deficits arising from changes in fair value are reflected in profit or loss.

For properties reclassified during the year from property and equipment to investment properties up to the date of change any revaluation gain arising is initially recognised in profit or loss to the extent of previously charged impairment losses. Any residual excess is taken to the revaluation reserve. Revaluation deficits are recognised in the revaluation reserve to the extent of previously recognised gains and any residual deficit is accounted for in profit or loss.

Investment properties that are reclassified to owner occupied property should be revalued at date of transfer, with any difference recognised in profit or loss. Its fair value at date of reclassification becomes its fair value for subsequent accounting.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.10 Property and equipment

Owned assets

Owner-occupied property is recognised at revalued amounts, being the fair value at the date of the revaluation less subsequent accumulated depreciation and accumulated impairment losses. Equipment, principally computer equipment, motor vehicles, fixtures and furniture, are recognised at cost less accumulated depreciation and impairment losses. Property under development is valued at cost.

Subsequent expenditure

Subsequent expenditure is capitalised when it can be reliably measured and will result in probable future economic benefits. Expenditure incurred to replace a separate component of an item of owner-occupied property or equipment is capitalised to the cost of the item and the component replaced is derecognised. All other expenditure is recognised in profit or loss as an expense when incurred.

Revaluation of owner-occupied property

Owner-occupied property is recognised at fair value. Internal professional valuers perform valuations annually. The procedures followed are as per note 2.9 and 18.

When an individual owner-occupied property is re-valued, any increase or decrease in its carrying amount (as a result of the revaluation) is recognised in other comprehensive income in a revaluation reserve, except to the extent that it represents an increase that reverses a revaluation decrease previously recognised in profit or loss, or a decrease that exceeds the revaluation surplus in which case the increase or decrease is recognised in profit or loss.

Derecognition

The carrying amount of an item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. On derecognition of equipment, any gain or loss on disposal, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss in the period of derecognition. In the case of owner-occupied property, any surplus in the revaluation reserve in respect of the individual property is transferred directly to retained earnings.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of items of owner-occupied property and equipment that are accounted for separately.

In the case of owner-occupied property, on revaluation any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the property concerned and the net amount restated to the revalued amount. Subsequent depreciation charges are adjusted based on the revalued amount for each property. Land is not depreciated.

Owner-occupied property is depreciated over a period of 50 years using the straight-line method. Leasehold property is depreciated over a period of 20 years using the straight-line method. Motor vehicles, computer equipment, fixtures and furniture are depreciated over 5 years using the straight-line method.

Residual values, useful lives and depreciation methods are re-assessed at each reporting date.

2.11 Taxation

The tax charge for the current year comprises current and deferred tax. Included within the tax charge are charges relating to normal income tax, and taxes payable on behalf of policyholders. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.11 Taxation (cont'd)

Deferred taxation is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. Deferred taxation is charged to profit or loss except to the extent that it relates to a transaction that is recognised directly in equity or other comprehensive income. The effect on deferred taxation of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to equity or other comprehensive income.

Deferred-tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available, against which the unutilised tax losses and deductible temporary differences can be used. Deferred-tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefits will be realised and such reductions are reversed when the probability of future taxable profits improves.

2.12 Reinsurance

Reinsurance assets comprise contracts with reinsurers under which the Group is compensated for losses on one or more contracts which are classified as insurance contracts. Reinsurance on contracts that do not meet this classification is classified as financial assets. Anticipated reinsurance recoveries are disclosed separately as assets. Reinsurance and other recoveries are assessed in a manner similar to the assessment of claims outstanding.

A reinsurance asset principally includes the reinsurers' share of liabilities in respect of contracts with policyholders. Amounts recoverable under reinsurance contracts are recognised in a manner consistent with the reinsured risks and in accordance with the terms of the reinsurance contract. Reinsurance is presented in the statement of financial position on a gross basis.

Reinsurance assets are assessed for impairment at each reporting date. An asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due, and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

2.13 Financial instruments

Recognition and derecognition

Initial recognition of financial assets

Under IFRS 9: Financial Instruments or 'IFRS 9', there are three measurement classification as following:

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) which may include debt or equity instruments; or
- Fair Value through Profit and Loss (FVTPL).

The classification of financial assets for the Group is based on whether the financial assets are equity instruments, debt instruments held or derivative assets, and this is in line with the requirements of IFRS 9. Equity instruments held for trading purposes and derivative assets are mandatorily categorised as financial assets at FVTPL. The classification and measurement of debt instruments is dependent on the business model in which the financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not accounted for separately. Instead, the hybrid financial instrument as a whole is assessed for classification.

A debt instrument is classified as a financial asset at amortised cost if it meets both of the following conditions (and is not designated as at FVTPL):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions (and is not designated as at FVTPL):

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.13 Financial instruments (cont'd)

On initial recognition of an equity instrument that is not held for trading, the instrument may be irrevocably designated at FVOCI. In such an instance, changes in the equity instrument's fair value are recorded in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All debt instrument financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Group/the Company may irrevocably designate a debt instrument financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL, if doing so, eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transaction costs that are directly attributable to the acquisition of financial assets are expensed in profit or loss for financial assets initially classified at FVTPL. For financial assets not classified at FVTPL, transaction costs are added to or deducted from the fair value at initial recognition. On initial recognition, financial assets are measured at fair value.

Initial recognition of financial liabilities

On initial recognition, financial liabilities are measured at fair value plus, in the case of financial liabilities not classified at FVTPL, transaction costs that are incremental and directly attributable to the issue of the financial liability. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

Subsequent measurement of financial assets

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Subsequent measurement of financial liabilities

Subsequent to initial recognition all financial liabilities at FVTPL are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost. Fair value movements attributable to changes in the credit risk of a financial liability designated at FVTPL is recorded in other comprehensive income and not recycled to profit or loss. The balance of the fair value movement is recorded in profit or loss. Other financial liabilities are measured at amortised cost.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a Group of similar transactions such as in the Group's trading activity.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cashflows from the financial asset expire, or it transfers those rights in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.13 Financial instruments (cont'd)

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises a financial liability when the contractual obligations are discharged, or cancelled or expire. The Group also derecognises the financial liability when its terms are modified and the cashflows of the modified liability are substantially different, in which case a new financial liability based on the new terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Business model assessment

The Group makes an assessment of the objective of a business model across its various business units in order to determine the appropriate classification basis of financial instruments. The Information considered includes:

Banking business

The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

Indicators of what the business model is:

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the business's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements);
- features that modify consideration of the time value of money – e.g. yearical reset of interest rates.

The business holds a portfolio of long-term fixed rate loans for which the entity has the option to propose to revise the interest rate at yearly reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.13 Financial instruments (cont'd)

Insurance business

The business holds a portfolio of long-term fixed rate public sector securities, debentures and short term fixed deposits in money market. Assessment determined that the contractual terms of these interest bearing securities give rise to cashflows on specified dates that are solely payments of principal and interest on principal amount outstanding.

The business elected to irrevocably designate interest bearing securities to be measured at fair value through profit or loss in order to reduce the recognition inconsistency that would otherwise arise from measuring financial assets with policyholder liabilities or recognising the gains and losses on them on different bases.

The business did not elect to measure equity instruments in other comprehensive income because they are underlying assets that are held to back policyholder liabilities. The business did not hold financial assets at fair value through other comprehensive income at the reporting date.

Rest of Group

The other businesses hold their interest bearing securities (debentures, fixed deposits in money markets and public sector securities) to maturity for the purpose of collecting contractual cashflows. The cashflows of these investments meet the SPPI (solely payments of principal and interest on principal amount outstanding) test and are classified at amortised cost.

Equity investments (both listed and unlisted) and unit trusts investments are measured at fair value through profit or loss. These businesses did not hold financial assets at fair value through other comprehensive income at the reporting date.

Impairment of financial assets

The Group adopted the Expected Credit Loss (ECL) model and this applies to financial assets measured at amortised cost (for example mandatory reserve deposits with central banks, reinsurers' share of policyholder liabilities, loans and advances, trade and other receivables, cash and cash equivalents, and corporate debt securities held by the Group) as well as financial assets measured at FVOCI, but not to investments in equity instruments.

The ECL impairment loss allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions. The ECL model is dependent on the availability of relevant and accurate data to determine whether a significant increase in credit risk occurred since initial recognition, the probability of default (PD), the loss given default (LGD), and the possible exposure at default (EAD). Of equal importance is sound correlation between these parameters and forward-looking economic conditions.

ECL reflects the Group's own expectations of credit losses. However, when considering all reasonable and supportable information that is available without undue cost or effort in estimating ECL, the Group should also consider observable market information about the credit risk of the financial instrument or similar financial instruments. In the absence of sufficient data, management apply expert judgement within an established governance framework to determine the required parameters. The expert judgement process is based on available internal and external information.

Financial assets measured at amortised cost and FVOCI

In determining the ECL allowances for financial assets, the following significant judgements and estimates were considered.

- In the absence of sufficient depth of data and the sophistication of credit risk management systems and protocols, management applies expert judgement within a governance framework to determine the required parameters. The expert judgement process is based on available internal and external information. Due to differences in availability of data and maturity of credit risk management across the Group, different approaches are used to determine the key parameters.
- Judgement is applied in identifying the qualitative and quantitative triggers and thresholds used to identify significant increases in credit risk since initial recognition of the financial assets. Depending on the availability of reasonable and supportable information without undue cost or effort, significant increases in credit risk is identified through, amongst others, increases in behaviour scores, arrears aging, and portfolio assessments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.13 Financial instruments (cont'd)

- In some instances the 12-month PDs are calculated by a behaviour scoring model that takes into account internal and external information, where available. The 'behaviour PDs' are linked to empirical default rates. A specific change in the behaviour score (and associated PD) indicates that the credit risk has increased significantly since initial recognition. Identifying the specific change in the PD that would trigger a significant increase in credit risk includes a degree of judgement. The behaviour scorecard is monitored and is recalibrated if necessary. Translating 12-months PDs into lifetime PDs requires management judgement and is based on the timing of defaults observed historically. In low default, commercial and corporate portfolios PDs are calculated using a combination of internal ratings, default experience and PD floors based on sovereign credit ratings for the jurisdiction.
- Various arrear aging thresholds are also used to determine whether a significant increase in credit risk took place since initial recognition. Judgement is applied to determine the appropriate arrears threshold for different financial assets. The Group also makes use of the rebuttable presumption that a significant increase in credit risk has taken place when a financial asset is 30 days past due or one payment in arrears.
- The Group applies judgement in identifying default and credit-impaired financial assets. In making this judgement, the Group considers the arrears category where the balance has been allocated to, whether the balance is in legal review, debt review or under administration or expert judgement. Financial assets are credit impaired when one or more events with a detrimental impact on the expected cash flows have taken place.
- A key judgement in determining the LGDs is the time period that the cash flows must be estimated for. The time period is estimated based on historical data that can be volatile. When the cash flows are too volatile the time period is capped to limit volatility. LGDs are influenced by estimates of the amounts to be recovered from the realisation of collateral and the estimated costs to realise the collateral.
- The Group applies judgement in selecting the following macroeconomic factors: CPI inflation and unemployment rate. Management applied judgement in determining the number of scenarios to be used, the probability assigned to each scenario, and the time period used to estimate the impact of forward-looking information of the ECL losses. By nature, the estimation of the values of macroeconomic factors in the near future is judgemental and subject to uncertainty.
- In the absence of a reliable correlation between macroeconomic factors and ECL losses, the Group applies expert judgement to decide whether a management overlay provision should be included in the measurement of ECL losses.

Estimates regarding credit risk parameters and the impact of forward-looking information used in the calculation of the ECL loss amount should be reviewed at each reporting date and updated if necessary.

The ECL loss amount depends on the specific stage where the financial instrument has been allocated to within the ECL model:

- Stage 1: At initial recognition a financial instrument is allocated into stage 1, except for purchased or originated credit impaired financial instruments.
- Stage 2: A financial instrument is allocated to stage 2 if there has been a significant increase in credit risk since initial recognition of the financial instrument.
- Stage 3: A financial instrument is allocated to stage 3 if the financial instrument is in default or is considered to be credit impaired.

Under IFRS 9, impairment loss allowances are measured on either of the following bases:

- 12-month ECLs: This is the portion of the lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (stage 1); and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument (stage 2 and 3).

The Reserve Bank of Zimbabwe (RBZ) also requires the Group to provide for provisions for loan losses rather than impairment losses as determined in accordance with IFRS 9. Where the provision as per RBZ guidelines is higher than the IFRS 9 impairment losses, the excess is treated as an appropriation of equity. The excess is transferred between the Regulatory provision reserve and retained earnings and unwinds when the IFRS impairment is higher than the regulatory provision as in accordance with the provisions of the Banking Regulations, 2000, Statutory Instrument 205 of 2000.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.13 Financial instruments (cont'd)

Group's assessment

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as twelve-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Financial assets where credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has elected to apply the IFRS 9 simplified approach in measuring expected credit losses for non-banking business. This uses a provision matrix when determining the lifetime expected loss allowance for all trade receivables, contract assets, and lease receivables and cash and cash equivalents.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers quantitative and qualitative information, based on the Group's historical experience, credit assessment, and including forward-looking information. The Group's assessment of a significant increase in credit risk from initial recognition consists of a primary and secondary risk driver as follows:

- The primary risk driver aligns to the quantitative credit risk assessments performed, such as the credit score, credit rating, probability of default or arrears aging of a financial instrument.
- The secondary risk assessment considers a broad range of qualitative risk factors based on a forward looking view such as economic and sector outlooks. The secondary risk assessment can be performed on a portfolio basis as opposed to a quantitative assessment which is done at a financial instrument level.

These primary and secondary risk drivers are included by the Group as part of the ongoing credit risk management.

When making a quantitative assessment, the Group uses the change in the probability of default occurring over the expected life of the financial instrument. This requires a measurement of the probability of default at initial recognition and at the reporting date.

A rebuttable assumption is that the credit risk, since initial recognition, has increased significantly if a financial instrument is 30 days past due on any payments or is one payment in arrears. It is not anticipated that this assumption will be rebutted.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. The ECL calculation of a financial instrument takes into account both the contractual and available behavioural repayment patterns over the relevant estimation period.

A financial asset is in default when the financial asset is credit-impaired or if the Basel definition of default is met. Where applicable, the rebuttable presumption that default does not occur later than when a financial asset is 90 days past due, is applied.

Measurement of expected credit losses

ECLs are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

For presentation the ECL allowances are deducted from the gross carrying amount of the assets. ECLs are presented separately in the consolidated income statement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.13 Financial instruments (cont'd)

Significant judgments and estimates

In determining the ECL allowances for loans and advances the following significant judgements and estimates were considered. The availability of information and the sophistication of credit risk management systems and protocols will influence the judgements made and estimates considered.

- The Group applies judgement in determining whether a significant increase in credit risk took place since initial recognition of financial assets at amortised cost. Judgement was applied in identifying the qualitative and quantitative triggers and thresholds used to identify significant increases in credit risk since initial recognition of the financial assets. Depending on the availability of reasonable and supportable information without undue cost or effort, significant increases in credit risk is identified through increases in behaviour risk, arrears aging, and portfolio assessments. The Group makes use of the rebuttable presumption that a significant increase in credit risk has taken place when a financial asset is 30 days past due or one payment in arrears. The assessments are carried out on a regular basis as part of the credit risk management activities of the Group.
- The Group applies judgement in identifying default and credit-impaired financial assets. The Group considers the arrears category where the balance has been allocated to or whether the balance is in legal review, debt review or under administration. Balances are considered to be in default when the balances have been past due for 90 days or more or have been identified to be in default after applying expert judgement. Financial assets are credit impaired when one or more events with a detrimental impact on the expected cash flows have taken place.
- The calculation of the ECL balance is primarily influenced by the stage allocation of the balance and the risk parameters. The Group makes use of estimates of PDs, LGDs and EADs to calculate the ECL balance for financial assets at amortised cost. Depending on the relevant information available, PDs are based on a behavioural scoring model and historic default rate curves or are determined through internally developed statistical models. LGDs are derived from a default recovery time series model that takes recency of payments into account or through internally developed statistical models. EADs are determined with reference to expected amortisation schedules and taking into account credit conversion factors as applicable for undrawn or revolving facilities.
- The ability to include forward-looking information in the measurement of ECL balances is dependent on the existence of reliable and quantifiable correlation between forward-looking factors and changes in the ECL balance. When such correlations do not exist and where applicable, management applies expert judgement to determine an overlay provision to incorporate best estimates of the impact of forward-looking information. Any overlay provision is based on available information and qualitative risk factors within a governed process.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision; and
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.14 Foreign currency translation

Foreign currency transactions are translated at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at rates of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are recognised at fair value are translated into the functional currency at foreign exchange rates ruling at the dates the fair values were determined.

Non-monetary assets and liabilities denominated in foreign currencies that are recognised at historical cost are translated into the functional currency at the rate of exchange ruling at the date of the initial recognition of the asset and liability and are not subsequently translated. Exchange gains and losses on the translation and settlement during the period of foreign monetary assets and liabilities are recognised in profit or loss as other income. Exchange differences for non-monetary items are recognised in other comprehensive income when the changes in the fair value of the non-monetary item are recognised in other comprehensive income and in profit or loss if the changes in fair value of the non-monetary item are recognised in profit or loss.

Where the exchange rate is officially fixed by government, the Group will assess the extent to which immediate value can be obtained at the official exchange rate. Where the lack of exchangeability is not significant in extent, assets and liabilities will be translated at the official exchange rate. Where there is a significant lack of exchangeability which is temporary in nature, the Group will use the first subsequent exchange rate at which exchangeability can be realised. In instances where there is lack of exchangeability, in the Group's judgement which is long term in nature, the Group will estimate a premium or discount on the official exchange rate which faithfully presents the prevailing economic circumstances taking into account observable market variables.

Sensitivities on the exchange rate are disclosed under Note 64.

2.15 Employee benefits

Employee benefits are all forms of consideration given by the Group in exchange for services rendered by employees.

(i) Post-employment benefits

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund is available or a reduction in future payments is probable.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer to those benefits and when the Group recognises costs for restructuring. If the benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted. Termination benefits for voluntary redundancies are recognised as an expense at the earlier of when the employee accepts the offer; and when a restriction on the Group's ability to withdraw the offer takes effect.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods determined using the projected unit credit method. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Future operating costs or losses are not provided for. Staff related provisions mainly comprise of bonus provisions, leave pay provision and cash settled share based payments provisions. Other provisions are any provisions not related to staff and are generally individually immaterial.

2.17 Share-based payments

Equity-settled share-based payment transactions

The services received from employees in terms of the Share Based Payment transactions, are equity settled and are measured at the fair value of the equity instruments granted. The fair value of those equity instruments are measured at grant date and are not subsequently remeasured. If the equity instruments granted vest immediately and the employee is not required to complete a specified period of service before becoming unconditionally entitled to those instruments, the services received are recognised in full on grant date in profit or loss, with a corresponding increase in share based payment reserve.

Where the equity instruments do not vest until the employee has completed a specified period of service, it is assumed that the services rendered by the employee, as consideration for those equity instruments, will be received in the future, during the vesting period. These services are accounted for in profit or loss as they are rendered during the vesting period, with a corresponding increase in share based payment reserve.

Cash-settled share-based payment transactions

The services received in cash-settled share-based payment transactions with employees and the liability to pay for those services, are recognised at fair value as the employee renders services. Until the liability is settled, the fair value of the liability is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

The fair value of the liability is measured at the fair value of the awards or options, by applying standard option pricing models, taking into account terms and conditions on which the share awards or options were granted, and the extent to which the employees have rendered services to date.

2.18 Leases

The Group assesses whether a contract is a lease in scope of IFRS 16: Leases, by determining whether the contract gives it the right to use a specified underlying physical asset for a lease term greater than twelve months, unless the underlying asset is of low value. Where the Group is a lessee and the lease is deemed in scope, it recognises a liability equal to the present value of lease payments over the lease term, discounted using the incremental borrowing rate applicable in the economic environment of the lease. The lease liability is recognised in 'Other liabilities'. A corresponding right-of-use asset equal to the liability, adjusted for any lease payments made at or before the commencement date, is recognised in 'Property, plant and equipment'. The lease term includes any extension options contained in the contract that the Group is reasonably certain it will exercise.

The Group subsequently depreciates the right-of-use asset using the straight-line method over the lease term and measures the lease liability using the effective interest method. Depreciation on the asset is recognised in 'Depreciation and amortisation', and interest on the lease liability is recognised in 'Interest expense'.

2.19 Impairment of non-financial assets

The carrying amounts of the Group's other assets, other than financial assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.19 Impairment of non-financial assets (cont'd)

The recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and of the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss had been recognised. Impairment losses are recognised in profit or loss

2.20 Sale and repurchase agreements

The Group enters into purchases (sales) of the investments under agreements to resell (repurchase) identical investments at a certain date in the future at a fixed price. Investments sold under repurchase agreements continue to be recognised in the statement of financial position and are measured in accordance with the appropriate and applicable accounting policy. The proceeds from the sale of the investments are reported under deposits. The difference between the sale and repurchase agreement is treated as interest and accrued over the life of the agreement using the effective interest method. Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless they are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in investment income. The obligation to return them is recorded at fair value as a trading liability.

2.21 Dividends

Dividends payable to holders of equity instruments are recognised in the period in which they are declared.

2.22 Inventory

Inventory comprises largely of costs for the construction of houses for sale under housing projects. Inventory is measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. The cost of inventories is based on the first in first out principle and includes borrowing costs capitalised in accordance with the Group's accounting policies and expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Additional disclosure in respect of inventory are included in note 25.1.

2.23 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions. The Group has related party relationships with its subsidiaries, fellow subsidiaries of Old Mutual Limited, company directors, other key shareholders and key management personnel. Transactions and balances are reflected in note 38.

2.24 Share capital

Ordinary and preference share capital is classified as equity if they are non-redeemable by the holder, and if dividends are discretionary. Coupon payments on preference share instruments are recognised as distributions within equity. Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the holder or if dividend payments are not discretionary. If the preference shares are non-redeemable by the holder and the entity has an obligation to deliver cash (or other financial assets) which the entity cannot defer until liquidation then the preference shares would be classified as a liability. Coupon payments thereon are recognised in profit or loss as an interest expense.

2.25 Non-distributable reserve

When the Zimbabwean economy dollarised in 2009, a Financial Reporting Guidance was used to determine a foreign currency opening statement of financial position on the date of change in functional currency from ZWL to US\$. The Group used the Guidance to translate the financial statements at the normalisation date to US\$ to be used as the deemed costs in the opening statements of financial position at 1 January 2009. The surplus on the restatement of the assets and liabilities was credited to non-distributable reserves in equity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.26 Segment reporting

The Group's results are analysed and reported consistently with the way that the chief operating decision maker (management and the executive directors) consider information when making operating decisions and also with the basis on which resources are allocated and performance assessed by management and directors. The operating segments are Life Assurance, General Insurance, Banking and Lending, Asset Management, and other (being the Holding Company and other less significant Group entities).

There are four principal business activities from which the Group generates revenues. These are premium income (Life assurance and General insurance), fee and commission income (Asset management) and banking interest and fee income (Banking and Lending). In addition to this, investment returns are also earned on funds invested. The revenues generated in each reported segment can be seen in the analysis of Profits and Losses in note 3.

2.27 Forthcoming requirements

Future amendments not early adopted in the 2020 annual financial statements

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17 Insurance Contracts (effective for accounting periods beginning on or after 1 January 2023)

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 (however the IASB has made a tentative decision to defer the effective date by two years, subject to due process). The IASB issued IFRS 17 'Insurance Contracts' in May 2017 as a replacement for IFRS 4 'Insurance Contracts'. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023. The Group will apply the new standard from the effective date. The new rules will affect the financial statements and key performance indicators of the Group on insurance contracts (such as term and life insurance, life annuities and disability insurance) or investment contracts with discretionary participation features (such as with-profit annuities and investments). IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

From 2018, the Group commenced the initial impact assessments, including several pilot projects on selected products aimed at assessing the financial impacts of the standard. Significant progress has been made on the development of accounting and actuarial policies and methodologies. This also includes a comprehensive product classification model, which includes the Group product scope and IFRS 17 classification and measurement approach per product.

More work is now in the process of defining detailed requirements for the finance and actuarial system and process build. In parallel, a robust financial data model and Actuarial Results Repository prototype is being developed to demonstrate the capability that is required within the Group. No technology decisions have been made at this time, as the focus remains on finalisation of detailed compliance, data and business requirements.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. This is not expected to have a material impact on the Group's financial statements.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting Policies (cont'd)

2.27 Forthcoming requirements (cont'd)

For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier. This is not expected to have a material impact on the Group's financial statements.

Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant, and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. This is not expected to have any impact on the Group's financial statements in the year of first application.

2.28 New and amended IFRS Standards that are effective for the current year

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. This did not have a material impact on the Group's financial statements in the year of first application.

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits the Group to elect not to assess whether a COVID-19-related rent concession is a lease modification. This did not have a material impact on the Group's financial statements.

Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

The amendments are applied retrospectively, but only to items of property, plant, and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. This did not have any impact on the Group's financial statements in the year of first application.

2.29 Comparative figures

As much as possible, comparative figures are reclassified in line with current year presentation. Where the changes are significant, appropriate disclosures in line with IFRSs are made to provide the information around the change and impact on prior period financial statements. Also refer to 2.3.1. to further understand the comparative figures.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

3	Segment information - Inflation adjusted - audited	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
A1	Statement of profit or loss segment information for the year ended 2020							
	Revenue							
	Gross earned premiums	2,999.5	2,303.5	-	-	-	(302.7)	5,000.3
	Outward reinsurance	(50.0)	(860.6)	-	-	-	-	(910.6)
	Net earned premiums	2,949.5	1,442.9	-	-	-	(302.7)	4,089.7
	Investment income (non-banking)	14,439.0	312.6	373.7	9.1	1,658.5	(851.6)	15,941.3
	Banking interest and similar income	-	-	1,873.5	-	-	(3.5)	1,870.0
	Fee income, commissions, and income from service contracts	101.1	97.0	2,903.8	581.6	-	(525.1)	3,158.4
	Other income	513.4	-	1,006.4	148.9	686.9	(40.0)	2,315.6
	Total revenue	18,003.0	1,852.5	6,157.4	739.6	2,345.4	(1,722.9)	27,375.0
	Expenses							
	Claims and benefits (including change in insurance contract provisions)	(12,528.0)	(744.4)	-	-	-	18.8	(13,253.6)
	Reinsurance recoveries	6.4	279.8	-	-	-	-	286.2
	Net claims incurred	(12,521.6)	(464.6)	-	-	-	18.8	(12,967.4)
	Change in provision for investment contract liabilities	(626.5)	-	-	-	-	-	(626.5)
	Fees, commissions, and other acquisition costs	(248.9)	(129.9)	(965.8)	(5.7)	-	-	(1,350.3)
	Banking interest payable and similar expenses	-	-	(492.0)	-	-	18.7	(473.3)
	Impairment charges	-	-	(775.2)	-	-	-	(775.2)
	Other operating and administration expenses	(909.9)	(419.6)	(2,229.2)	(516.2)	(1,026.5)	1,425.7	(3,675.7)
	Net monetary changes	(1,162.0)	(550.3)	(156.0)	(60.5)	(1,929.4)	2,226.3	(1,631.9)
	Profit before tax	2,534.1	288.1	1,539.2	157.2	(610.5)	1,966.6	5,874.7
	Income tax (expense)/credit	808.5	(16.0)	(4.8)	(28.7)	(130.9)	5.1	633.2
	Profit for the year	3,342.6	272.1	1,534.4	128.5	(741.4)	1,971.7	6,507.9
A2	Statement of profit or loss - segment information for the year ended 2019							
	Revenue							
	Gross earned premiums	3,616.5	1,739.2	-	-	-	(310.0)	5,045.7
	Outward reinsurance	(69.1)	(927.2)	-	-	-	-	(996.3)
	Net earned premiums	3,547.4	812.0	-	-	-	(310.0)	4,049.4
	Investment income (non-banking)	(29,783.0)	181.1	-	4.9	(10,576.4)	(1,796.2)	(41,969.6)
	Banking interest and similar income	-	-	2,177.5	-	-	-	2,177.5
	Fee income, commissions, and income from service contracts	118.0	-	1,947.8	719.1	397.0	(717.8)	2,464.1
	Other income	51.6	232.8	515.9	5.8	16.6	(54.7)	768.0
	Total revenue	(26,066.0)	1,225.9	4,641.2	729.8	(10,162.8)	(2,878.7)	(32,510.6)
	Expenses							
	Claims and benefits (including change in insurance contract provisions)	20,480.9	(984.7)	-	-	-	(2,960.7)	16,535.5
	Reinsurance recoveries	17.5	516.3	-	-	-	-	533.8
	Net claims incurred	20,498.4	(468.4)	-	-	-	(2,960.7)	17,069.3
	Change in provision for investment contract liabilities	2,944.1	-	-	-	-	-	2,944.1
	Fees, commissions, and other acquisition costs	(331.5)	(232.4)	(908.8)	-	(13.0)	74.9	(1,410.8)
	Banking interest payable and similar expenses	-	-	(893.6)	-	-	122.0	(771.6)
	Impairment charges	-	-	(476.0)	-	-	-	(476.0)
	Other operating and administration expenses	(846.9)	(167.3)	(2,069.3)	(510.5)	(2,101.2)	2,061.6	(3,633.6)
	Net monetary changes	(3,789.4)	(1,205.2)	(1,065.5)	(358.4)	8,041.9	5,270.9	6,894.3
	Profit before tax	(7,591.3)	(847.4)	(772.0)	(139.1)	(4,235.1)	1,690.0	(11,894.9)
	Income tax expense/(credit)	(891.0)	(19.7)	(2.7)	(56.5)	29.6	1,124.7	184.4
	Profit for the year	(8,482.3)	(867.1)	(774.7)	(195.6)	(4,205.5)	2,814.7	(11,710.5)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

3. Segment information - Historical cost - unaudited	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
B1 Statement of profit or loss segment information for the year ended 2020							
Revenue							
Gross earned premiums	2,056.4	1,216.1	-	-	-	(163.2)	3,109.3
Outward reinsurance	(31.0)	(553.4)	-	-	-	-	(584.4)
Net earned premiums	2,025.4	662.7	-	-	-	(163.2)	2,524.9
Investment income (non-banking)	46,887.2	638.2	1,205.8	15.3	1,739.1	(825.5)	49,660.1
Banking interest and similar income	-	-	1,205.6	-	-	-	1,205.6
Fee income, commissions, and income from service contracts	68.6	58.3	1,964.1	341.1	-	(335.5)	2,096.6
Other income	512.9	-	1,047.6	149.3	594.0	(50.6)	2,253.2
Total revenue	49,494.1	1,359.2	5,423.1	505.7	2,333.1	(1,374.8)	57,740.4
Expenses							
Claims and benefits (including change in insurance contract provisions)	(39,116.0)	(450.9)	-	-	-	14.3	(39,552.6)
Reinsurance recoveries	5.3	157.3	-	-	-	-	162.6
Net claims incurred	(39,110.7)	(293.6)	-	-	-	14.3	(39,390.0)
Change in provision for investment contract liabilities	(2,588.1)	-	-	-	-	-	(2,588.1)
Fees, commissions, and other acquisition costs	(152.1)	(110.5)	(624.3)	(3.3)	-	-	(890.2)
Banking interest payable and similar expenses	-	-	(289.6)	-	-	12.8	(276.8)
Impairment charges	-	-	(755.3)	-	-	-	(755.3)
Other operating and administration expenses	(643.6)	(273.7)	(1,344.6)	(304.0)	(750.0)	992.3	(2,323.6)
Profit before tax	6,999.6	681.4	2,409.3	198.4	1,583.1	(355.4)	11,516.4
Income tax (expense)/credit	(274.5)	(3.8)	0.7	(27.2)	(79.2)	3.7	(380.3)
Profit for the year	6,725.1	677.6	2,410.0	171.2	1,503.9	(351.7)	11,136.1
B2 Statement of profit or loss segment information for the year ended 2019							
Revenue							
Gross earned premiums	331.3	161.2	-	-	-	(19.4)	473.1
Outward reinsurance	(6.4)	(95.3)	-	-	-	-	(101.7)
Net earned premiums	324.9	65.9	-	-	-	(19.4)	371.4
Investment income (non-banking)	6,887.8	113.9	-	0.3	509.2	(230.4)	7,280.8
Banking interest and similar income	-	-	190.9	-	-	-	190.9
Fee income, commissions, and income from service contracts	10.5	-	226.6	61.6	23.6	(63.5)	258.8
Other income	11.0	-	213.0	(20.5)	20.2	(106.5)	117.2
Total revenue	7,234.2	179.8	630.5	41.4	553.0	(419.8)	8,219.1
Expenses							
Claims and benefits (including change in insurance contract provisions)	(6,055.0)	(66.0)	-	-	-	2.2	(6,118.8)
Reinsurance recoveries	1.1	29.1	-	-	-	-	30.2
Net claims incurred	(6,053.9)	(36.9)	-	-	-	2.2	(6,088.6)
Change in provision for investment contract liabilities	(387.5)	-	-	-	-	-	(387.5)
Fees, commissions, and other acquisition costs	(26.9)	-	(99.1)	(1.3)	-	12.0	(115.3)
Banking interest payable and similar expenses	-	-	(81.2)	-	-	9.6	(71.6)
Credit losses and impairment charges	-	-	(46.4)	-	-	-	(46.4)
Other operating and administration expenses	(84.9)	(34.6)	(187.5)	(45.3)	(302.7)	290.2	(364.8)
Profit before tax	681.0	108.3	216.3	(5.2)	250.3	(105.8)	1,144.9
Income tax expense/(credit)	(212.8)	(0.6)	(0.1)	(1.4)	(7.3)	1.9	(220.3)
Profit for the year	468.2	107.7	216.2	(6.6)	243.0	(103.9)	924.6

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

3. Segment information - Inflation adjusted - audited	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
C1 Statement of financial position segment information as at 31 December 2020							
Assets							
Investment property	21,496.0	35.2	1,285.5	-	24.5	-	22,841.2
Property and equipment	1,531.8	89.5	3,391.1	90.8	259.5	(96.5)	5,266.2
Intangible assets	-	-	534.6	6.1	1.7	-	542.4
Deferred acquisition costs	-	25.3	-	-	-	-	25.3
Reinsurer contracts	-	217.1	-	-	-	-	217.1
Investments and securities	33,433.5	722.9	3,447.8	159.6	5,700.2	(4,079.7)	39,384.3
Deferred tax assets	-	-	-	1.5	-	-	1.5
Current tax receivable	40.1	18.7	-	1.7	-	-	60.5
Loans and advances	-	-	7,099.4	-	-	(10.4)	7,089.0
Other assets	614.6	414.4	4,194.2	132.3	6,756.3	-	12,111.8
Cash and cash equivalents	1,649.0	269.3	5,491.1	17.1	139.7	(179.8)	7,386.4
Total assets	58,765.0	1,792.4	25,443.7	409.1	12,881.9	(4,366.4)	94,925.7
Liabilities							
Insurance contract liabilities	47,024.7	514.9	-	-	-	-	47,539.6
Investment contract liabilities	3,275.0	-	-	-	-	-	3,275.0
Provisions	102.4	33.7	231.6	46.6	49.0	-	463.3
Deferred tax liabilities	218.2	30.7	198.3	2.6	86.0	(20.0)	515.8
Current tax payables	-	-	0.7	-	1.6	-	2.3
Amounts due to group companies	267.3	3.7	12.1	(1.0)	7,015.5	-	7,297.6
Amounts owed to bank depositors	-	-	13,270.7	-	-	(233.5)	13,037.2
Credit lines	-	-	3,178.1	-	-	(24.2)	3,153.9
Other liabilities	158.9	363.2	1,644.4	92.8	855.4	(742.1)	2,372.6
Total liabilities	51,046.5	946.2	18,535.9	141.0	8,007.5	(1,019.8)	77,657.3
Net assets	7,718.5	846.2	6,907.8	268.1	4,874.4	(3,346.6)	17,268.4
Shareholders' equity							
Share capital and premium	1,192.6	0.4	1,586.1	354.6	-	(3,133.7)	-
Revaluation reserve	-	-	1,539.4	-	-	-	1,539.4
Share option reserve	150.4	52.3	230.1	58.1	790.0	(58.2)	1,222.7
Regulatory provisions reserve	-	-	-	-	-	-	-
Currency conversion reserve	333.0	-	(844.3)	(1.4)	201.9	310.8	-
Retained earnings	6,042.5	793.5	4,396.5	(143.2)	3,882.5	(795.2)	14,176.6
Equity holders of the parent	7,718.5	846.2	6,907.8	268.1	4,874.4	(3,676.3)	16,938.7
Non-controlling interests	-	-	-	-	-	329.7	329.7
Total equity	7,718.5	846.2	6,907.8	268.1	4,874.4	(3,346.6)	17,268.4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

3	Segment information - Inflation adjusted - audited	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
C2	Statement of financial position - segment information as at 31 December 2019							
	Assets							
	Investment property	18,738.5	32.3	1,022.3	-	44.9	-	19,838.0
	Property and equipment	1,292.8	78.5	3,269.3	73.6	35.9	(20.2)	4,729.9
	Intangible assets	-	-	262.4	26.0	2.7	-	291.1
	Deferred acquisition costs	-	41.7	-	-	-	-	41.7
	Reinsurer contracts	-	377.7	-	-	-	-	377.7
	Investments and securities	24,047.1	583.6	1,733.8	184.8	7,832.4	(6,897.5)	27,484.2
	Deferred tax assets	-	-	-	26.9	1.4	-	28.3
	Current tax receivable	-	55.4	-	1.8	6.9	-	64.1
	Loans and advances	-	-	6,696.6	-	-	(14.9)	6,681.7
	Other assets	485.4	105.4	3,643.9	96.4	368.7	(239.5)	4,460.3
	Cash and cash equivalents	1,126.9	228.3	6,324.7	45.8	240.9	(306.9)	7,659.7
	Total assets	45,690.7	1,502.9	22,953.0	455.3	8,533.8	(7,479.0)	71,656.7
	Liabilities							
	Insurance contract liabilities	37,220.9	688.1	-	-	-	-	37,909.0
	Investment contract liabilities	2,652.1	-	-	-	-	-	2,652.1
	Provisions	37.2	4.0	110.8	25.1	55.7	-	232.8
	Deferred tax liabilities	1,163.6	14.8	171.8	3.1	38.1	(48.3)	1,343.1
	Current tax payables	9.9	-	-	0.4	0.5	-	10.8
	Amounts due to group companies	245.4	8.1	1.8	17.0	698.0	(238.6)	731.7
	Amounts owed to bank depositors	-	-	12,295.0	-	-	(803.9)	11,491.1
	Credit lines	-	-	4,050.3	-	-	(23.8)	4,026.5
	Other liabilities	153.4	212.5	1,097.7	160.3	1,837.3	(618.9)	2,842.3
	Total liabilities	41,482.5	927.5	17,727.4	205.9	2,629.6	(1,733.5)	61,239.4
	Net assets	4,208.2	575.4	5,225.6	249.4	5,904.2	(5,745.5)	10,417.3
	Shareholders' equity							
	Share capital and premium	1,192.6	0.4	1,575.4	246.3	470.1	(3,484.8)	-
	Revaluation reserve	-	-	1,297.5	-	-	-	1,297.5
	Share option reserve	150.4	52.3	230.1	89.3	1,010.2	(410.9)	1,121.4
	Regulatory provisions reserve	-	-	25.5	-	-	-	25.5
	Currency conversion reserve	333.0	53.8	(844.1)	1.3	226.2	-	(229.8)
	Retained earnings	2,532.2	468.9	2,941.2	(87.5)	4,197.7	(2,066.9)	7,985.6
	Equity holders of the parent	4,208.2	575.4	5,225.6	249.4	5,904.2	(5,962.6)	10,200.2
	Non-controlling interests	-	-	-	-	-	217.1	217.1
	Total equity	4,208.2	575.4	5,225.6	249.4	5,904.2	(5,745.5)	10,417.3

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Segment information - Historical - unaudited	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
D1 Statement of financial position - segment information as at 31 December 2020							
Assets							
Investment property	21,496.0	35.2	1,285.6	-	24.4	-	22,841.2
Property and equipment	1,464.3	32.2	2,708.1	42.3	53.0	(64.3)	4,235.6
Intangible assets	-	-	92.8	0.4	0.3	-	93.5
Deferred acquisition costs	-	17.2	-	-	-	-	17.2
Reinsurer contracts	-	171.8	-	-	-	-	171.8
Investments and securities	33,433.5	722.9	3,447.8	159.6	2,999.9	(1,379.4)	39,384.3
Deferred tax assets	-	-	1.7	5.3	-	-	7.0
Current tax receivable	40.1	18.7	-	1.7	-	-	60.5
Loans and advances	-	-	7,099.4	-	-	(10.4)	7,089.0
Other assets	614.6	391.4	2,890.2	117.2	6,756.3	-	10,769.7
Cash and cash equivalents	1,649.0	269.3	5,491.1	17.1	139.7	(179.8)	7,386.4
Total assets	58,697.5	1,658.7	23,016.7	343.6	9,973.6	(1,633.9)	92,056.2
Liabilities							
Insurance contract liabilities	47,024.7	406.3	-	-	-	-	47,431.0
Investment contract liabilities	3,275.0	-	-	-	-	-	3,275.0
Provisions	102.4	33.7	231.6	46.7	48.9	-	463.3
Deferred tax liabilities	218.2	13.5	191.6	-	21.1	(7.1)	437.3
Current tax payables	-	-	0.7	-	1.6	-	2.3
Amounts due to group companies	267.3	3.8	11.9	(1.0)	7,015.6	-	7,297.6
Amounts owed to bank depositors	-	-	13,270.7	-	-	(233.5)	13,037.2
Credit lines	-	-	3,178.1	-	-	(24.2)	3,153.9
Other liabilities	158.9	363.2	1,089.1	92.4	855.3	(787.4)	1,771.5
Total liabilities	51,046.5	820.5	17,973.7	138.1	7,942.5	(1,052.2)	76,869.1
Net assets	7,651.0	838.2	5,043.0	205.5	2,031.1	(581.7)	15,187.1
Shareholders' equity							
Share capital and premium	30.1	-	57.0	54.4	-	(141.5)	-
Non-distributable reserve	29.8	2.1	1.5	0.4	21.4	(0.3)	54.9
Revaluation reserve	-	-	2,358.3	-	-	-	2,358.3
Share option reserve	3.8	1.3	5.8	1.6	62.6	(3.4)	71.7
Regulatory provisions reserve	-	-	-	-	-	-	-
Currency conversion reserve	15.6	1.7	(37.6)	(2.5)	9.6	13.2	-
Retained earnings	7,571.7	833.1	2,658.0	151.6	1,937.5	(792.4)	12,359.5
Equity holders of the parent	7,651.0	838.2	5,043.0	205.5	2,031.1	(924.4)	14,844.4
Non-controlling interests	-	-	-	-	-	342.7	342.7
Total equity	7,651.0	838.2	5,043.0	205.5	2,031.1	(581.7)	15,187.1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

3	Segment information - Historical - unaudited	Life Assurance ZWLm	General Insurance ZWLm	Banking & Lending ZWLm	Asset Management ZWLm	Holding Co & Other ZWLm	Consolidation Adjustments ZWLm	Total ZWLm
D2	Statement of financial position - segment information as at 31 Dec 2019							
	Assets							
	Investment property	4,177.2	7.2	227.9	-	10.0	-	4,422.3
	Property and equipment	264.0	4.9	574.5	5.1	1.4	(3.6)	846.3
	Intangible assets	-	-	8.1	1.0	0.3	-	9.4
	Deferred acquisition costs	-	1.7	-	-	-	-	1.7
	Reinsurer contracts	-	54.4	-	-	-	-	54.4
	Investments and securities	5,360.6	130.1	386.5	41.2	1,048.9	(840.5)	6,126.8
	Deferred tax assets	-	-	-	6.9	0.1	-	7.0
	Current tax receivable	-	12.4	-	0.4	1.5	-	14.3
	Loans and advances	-	-	1,492.8	-	-	(3.3)	1,489.5
	Other assets	54.6	23.4	574.1	19.4	75.0	(51.8)	694.7
	Cash and cash equivalents	251.2	50.9	1,409.9	10.2	53.7	(68.4)	1,707.5
	Total assets	10,107.6	285.0	4,673.8	84.2	1,190.9	(967.6)	15,373.9
	Liabilities							
	Insurance contract liabilities	8,237.1	64.7	-	-	-	-	8,301.8
	Investment contract liabilities	591.2	-	-	-	-	-	591.2
	Provisions	8.3	0.9	24.7	5.6	12.4	-	51.9
	Deferred tax liabilities	256.5	9.7	37.7	0.1	8.1	(3.3)	308.8
	Current tax payables	2.3	-	-	0.1	-	-	2.4
	Amounts due to group companies	53.2	1.7	0.4	3.8	155.6	(51.6)	163.1
	Amounts owed to bank depositors	-	-	2,740.8	-	-	(179.2)	2,561.6
	Credit lines	-	-	902.9	-	-	(5.3)	897.6
	Other liabilities	33.2	47.4	149.4	34.1	409.6	(314.4)	359.3
	Total liabilities	9,181.8	124.4	3,855.9	43.7	585.7	(553.8)	13,237.7
	Net assets	925.8	160.6	817.9	40.5	605.2	(413.8)	2,136.2
	Shareholders' equity							
	Share capital and premium	30.1	-	47.0	41.3	58.1	(176.5)	-
	Non-distributable reserve	29.8	2.1	1.5	0.7	21.4	(0.6)	54.9
	Revaluation reserve	-	-	453.1	-	-	-	453.1
	Share option reserve	3.8	1.3	5.8	2.3	71.8	(22.9)	62.1
	Regulatory provisions reserve	-	-	5.7	-	-	-	5.7
	Currency conversion reserve	15.5	2.2	(37.5)	(2.6)	9.1	-	(13.3)
	Retained earnings	846.6	155.0	342.3	(1.2)	444.8	(276.2)	1,511.3
	Equity holders of the parent	925.8	160.6	817.9	40.5	605.2	(476.2)	2,073.8
	Non-controlling interests	-	-	-	-	-	62.4	62.4
	Total equity	925.8	160.6	817.9	40.5	605.2	(413.8)	2,136.2

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
4 Gross earned premiums				
Gross premiums				
Single	11.4	44.4	3.6	4.1
Recurring	88.4	252.6	52.4	23.1
Individual business	99.8	297.0	56.0	27.2
Single	1,008.9	1,219.7	728.5	111.7
Recurring	1,890.8	2,099.8	1,271.9	192.4
Group business	2,899.7	3,319.5	2,000.4	304.1
General insurance	2,000.8	1,429.2	1,052.9	141.8
Total gross premiums	5,000.3	5,045.7	3,109.3	473.1
Comprising:				
Insurance contracts	584.6	935.7	380.2	78.8
Investment contracts with discretionary participating features	2,414.9	2,680.8	1,676.2	252.5
General insurance	2,000.8	1,429.2	1,052.9	141.8
Total gross earned premiums	5,000.3	5,045.7	3,109.3	473.1
5 Investment income (non-banking)				
Dividend income				
Financial assets at fair value through profit or loss	1,000.2	1,935.4	869.4	181.1
Interest income				
Cash and cash equivalents	77.9	338.8	52.4	20.8
Net rental income				
Investment property	600.9	354.4	420.9	20.8
Realised gains and losses				
Financial assets at fair value through profit or loss	2,633.3	2,784.1	2,553.3	305.6
Unrealised gains and losses	11,629.0	(47,382.3)	45,764.1	6,752.5
Investment property	3,330.3	7,502.3	18,701.0	3,904.1
Financial assets at fair value through profit or loss	8,298.7	(54,884.6)	27,063.1	2,848.4
Total investment returns included in statement of profit or loss	15,941.3	(41,969.6)	49,660.1	7,280.8

The Group has changed the manner in which it presents the impact of fair value gains and losses attributable to the impact of inflation. In prior year, the Group recognised a portion of the fair value adjustments deemed to be attributable to the impact of inflation through the monetary loss/profit line. The Group considered a more simplified approach of determining the fair value adjustments in the current year where the impact is shown within a single line item. The impact of the change in accounting estimate for inflation adjusted unrealised fair value gains and losses on items carried at fair value is shown below. This change has a corresponding impact on change in policyholder liabilities and net gain/(loss) on net monetary position and resultantly does not have an impact on reported profit as shown below.

	Inflation adjusted		Inflation adjusted	
	2020 Revised	2020 Previous	2019 Revised	2019 Previous
Investment income	15,941.3	50,625.8	(41,969.6)	35,703.3
Change in policyholder liability	(11,067.8)	(39,603.9)	23,648.9	(27,678.9)
Net monetary adjustment	(4,873.5)	(11,021.9)	18,320.7	(8,024.4)
Impact on profit before tax	-	-	-	-

The change has no impact on the Statement of Financial Position as this a reclassification within the Statement of Profit and Loss as shown above.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
6 Banking interest and similar income				
Interest and similar income				
Investments	138.5	267.2	97.7	19.6
Loans and advances	1,731.5	1,910.3	1,107.9	171.3
Total interest and similar income	1,870.0	2,177.5	1,205.6	190.9
Comprising:				
Financial assets at amortised cost	1,870.0	2,177.5	1,205.6	190.9
Interest Expense:				
Credit lines	(334.8)	(385.8)	(212.5)	(42.5)
Money market deposits	(132.6)	(365.4)	(61.2)	(27.6)
Savings and term deposits	(5.9)	(20.4)	(3.1)	(1.5)
Total interest expense	(473.3)	(771.6)	(276.8)	(71.6)
Comprising:				
Financial liabilities at amortised cost	(473.3)	(771.6)	(276.8)	(71.6)
Net interest income	1,396.7	1,405.9	928.8	119.3
7 Fee income, commissions, and income from service contracts				
Banking operations:				
Commissions	1,175.1	897.1	774.4	101.8
Service fees	798.5	419.0	582.2	43.5
Administration fees	775.4	624.2	497.5	63.8
Total fee income and commission from banking operations	2,749.0	1,940.3	1,854.1	209.1
Long term insurance business	58.8	118.5	38.6	10.5
Asset management business	350.6	405.3	203.9	39.1
	3,158.4	2,464.1	2,096.6	258.8

The fee and commission income presented includes income of ZWL2.7 billion (2019: ZWL1.9 billion) related to financial assets and financial liabilities not measured at FVTPL. These figures exclude amounts incorporated in determining the effective interest rate on such financial assets and financial liabilities.

Asset management fees include fees earned by the Group on trust and fiduciary activities in which the Group holds or invests assets on behalf of its customers.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
8. Other income				
Exchange gains	1,898.2	477.7	1,914.8	106.5
Other	417.4	290.3	338.4	10.7
	2,315.6	768.0	2,253.2	117.2

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
9 Claims and benefits				
Claims and benefits (including change in insurance contract provisions):				
Increase/(decrease) in insurance contract provisions	10,451.1	(20,633.0)	36,845.5	5,674.1
Gross claims expenses (refer to analysis in note 9.1 below)	2,672.8	3,143.9	1,754.3	232.1
Shadow accounting to revaluation reserve (see note 10.1 below)	129.7	953.6	952.8	212.6
	13,253.6	(16,535.5)	39,552.6	6,118.8
9.1 Analysis of claims expenses				
Individual business	61.9	61.9	37.1	8.3
Death and disability benefits	13.0	16.6	10.7	1.1
Maturity benefits	12.2	22.0	5.9	3.5
Surrenders	36.7	23.3	20.5	3.7
Group business	1,885.2	2,097.2	1,280.6	160.0
Death and disability benefits	147.7	766.1	112.9	18.9
Pension commutations, maturities, and withdrawal benefits	1,049.3	712.8	679.2	92.1
Annuities	344.7	441.1	212.9	37.0
Surrenders	343.5	177.2	275.6	12.0
General insurance	725.7	984.8	436.6	63.8
Total claims and benefits	2,672.8	3,143.9	1,754.3	232.1
Comprising:				
Insurance contracts	160.8	223.1	123.7	19.9
Investment contracts with discretionary participating features	1,786.3	1,936.0	1,194.0	148.4
General insurance	725.7	984.8	436.6	63.8
Total claims and benefits payable	2,672.8	3,143.9	1,754.3	232.1
10. Change in provision for investment contract liabilities				
Investment contracts				
Increase/(decrease) in investment contract liabilities	616.7	(3,016.0)	2,516.4	371.5
Shadow accounting to revaluation reserve (see note 10.1 below)	9.8	71.9	71.7	16.0
	626.5	(2,944.1)	2,588.1	387.5
10.1 Shadow accounting				
Insurance contracts	129.7	953.6	952.8	212.6
Investment contracts	9.8	71.9	71.7	16.0
Total	139.5	1,025.5	1,024.5	228.6

Shadow accounting is an adjustment, permitted by IFRS 4 'Insurance contracts', to allow for the impact of recognising unrealised gains or losses on insurance assets and liabilities in a consistent manner to the recognition of the unrealised gain or loss on property that have a direct effect on the measurement of the related insurance assets and liabilities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
11 Other operating and administration expenses				
Administrative expenses	215.4	709.1	131.6	71.2
Office space costs	239.6	100.5	157.5	16.6
Fees and levies	97.2	134.1	62.5	26.7
Directors fees	23.9	21.7	13.3	2.1
Insurance	47.1	64.6	28.6	10.0
Actuarial and consultancy fees	48.8	75.8	28.9	5.4
Advertising and marketing	111.3	78.5	69.0	11.6
Software licensing	287.6	179.4	190.6	28.8
Depreciation and amortisation	519.5	648.2	98.7	17.2
	1,590.4	2,011.9	780.7	189.6
Auditors' remuneration				
Statutory audit services - current year	120.2	68.9	120.2	15.3
Staff costs				
Wages and salaries	1,225.0	1,100.4	840.4	81.2
Retirement defined contribution obligations	45.9	43.4	28.1	3.6
Social security costs	9.9	15.7	7.5	1.2
Bonus and incentive remuneration	280.7	131.9	280.7	29.4
Share based payments	14.0	25.1	14.0	5.6
Other staff costs	226.5	75.8	145.6	13.2
	1,802.0	1,392.3	1,316.3	134.2
Other	163.1	160.5	106.4	25.7
	3,675.7	3,633.6	2,323.6	364.8
12 Income tax expense				
Normal income tax - Current tax expense				
Shareholders	105.0	(529.3)	101.5	15.4
Policyholders	127.3	36.3	107.5	7.5
	232.3	(493.0)	209.0	22.9
Deferred tax				
Deferred tax expense/(income) relating to the origination and reversal of temporary difference	(865.5)	308.6	171.3	197.4
Total deferred tax	(865.5)	308.6	171.3	197.4
Deferred tax				
Shareholders	(68.3)	503.8	152.8	3.6
Policyholders	(797.2)	(195.2)	18.5	193.8
	(865.5)	308.6	171.3	197.4
Total income tax expense	(633.2)	(184.4)	380.3	220.3
Reconciliation of the effective tax rate				
Standard rate of taxation	% 24.7	% 25.8	% 24.7	% 25.8
Adjusted for:				
	(35.5)	(27.4)	(21.4)	(6.6)
Exempt income: interest income, dividends	(7.2)	(34.3)	(6.3)	12.8
Income taxed at other than tax rate	(36.6)	2.3	(18.5)	(34.9)
Income tax attributable to policyholder returns	(1.4)	(15.1)	(0.6)	(1.1)
Disallowable expenses: entertainment expenses, management fees, unrealised losses	9.7	19.7	4.0	16.6
Effective tax rate	(10.8)	(1.6)	3.3	19.2

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

The overall effective tax rate for the Group is influenced by:

- OMLAC is taxed favourably in terms of a special formula as per the 8th schedule. Total expenses are disallowed and only realised gains are taxed.
- CABS is exempt from income tax in terms of the 3rd schedule of the Income tax act. The expenses are also disallowed as they are incurred to earn exempt income.
- OMZIL income is mainly fair value gains which are exempt from current tax and give rise to a deferred tax liability only at 1%. Most of the expenses are disallowed because they are incurred to earn exempt income.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
Tax on other comprehensive income				
Property revaluation	65.2	(568.8)	(42.8)	47.8
	65.2	(568.8)	(42.8)	47.8

13 Earnings and dividends per share

The calculation of basic earnings per share was based on the profit attributable to ordinary equity holders of the parent divided by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares adjusted for the effects of all potentially dilutive ordinary shares. The Group had no potentially dilutive ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
13.1 Basic and diluted (cents)				
Earnings	1,926.0	(3,423.6)	3,269.4	265.0
Basic and diluted earnings attributable to equity holders of the parent (ZWL)	6,395.3	(11,368.7)	10,855.8	879.9
Number of shares used in calculations (weighted)				
Number of shares	332 046 874	332 046 874	332 046 874	332 046 874
13.2 Dividend per share				
April 2019 - 2018 Final Ordinary Dividend 6.02c per share	-	46.8	-	20.0
April 2019 - 2018 Final Preference Dividend 3.52c per share	-	27.4	-	11.7
October 2019 - 2019 Interim Preference Dividend 8.66c	-	67.3	-	28.7
Dividends paid for the period	-	141.5	-	60.4

The total dividend paid to ordinary equity holders is calculated using the number of shares in issue at the record date less own shares held in Indiginisation share trusts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Inflation adjusted audited		Historical cost unaudited	
	Company 2020 ZWLm	Company 2019 ZWLm	Company 2020 ZWLm	Company 2019 ZWLm
14 Investment income				
Dividend income				
Financial assets at fair value through profit or loss	43.6	181.6	37.6	11.1
Investments in subsidiaries	117.4	33.7	107.5	1.5
Interest income				
Cash and cash equivalents	8.0	34.1	4.2	2.3
Realised gains and losses				
Financial assets at fair value through profit or loss	519.4	785.1	355.5	68.5
Unrealised gains and losses	313.2	(6,081.1)	600.6	31.7
Financial assets at fair value through profit or loss	301.1	(6,109.5)	567.1	22.2
Investment property	12.1	28.4	33.5	9.5
Total investment income included in income statement	1,001.6	(5,046.6)	1,105.4	115.1
15 Other income				
Directors' fees received	-	1.8	-	0.1
Management fee income	229.5	-	161.9	-
Foreign exchange gains	417.2	325.2	417.2	72.5
Other	2.6	6.7	1.2	1.6
	649.3	333.7	580.3	74.2
16 Other operating and administration expenses				
Administrative expenses	165.7	297.0	105.3	31.2
Directors fees	13.7	13.0	7.9	1.3
Asset management expenses	11.4	35.9	8.5	2.5
Impairment loss	230.2	-	139.5	-
Depreciation of property, plant, and equipment	39.8	2.2	8.1	0.3
	460.8	348.1	269.3	35.3
Auditors' remuneration				
Statutory audit services-current year	20.4	14.3	20.4	3.2
Staff costs				
Wages and salaries	79.2	17.9	53.4	2.3
Retirement obligations	2.3	1.3	1.5	0.2
Bonus and incentive remuneration	27.0	15.7	27.0	3.5
Social security costs	0.3	-	0.2	-
Share based payments	0.2	-	0.2	-
Other staff costs	29.6	46.7	14.6	4.9
	138.6	81.6	96.9	10.9
Total other operating and administration expenses	619.8	444.0	386.6	49.4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

	Inflation adjusted audited		Historical cost unaudited	
	Company 2020 ZWLm	Company 2019 ZWLm	Company 2020 ZWLm	Company 2019 ZWLm
17 Income tax expense				
Normal income tax				
Deferred tax	56.3	(64.2)	7.5	0.7
Current taxation	65.9	4.5	65.9	1.1
Total taxation charge	122.2	(59.7)	73.4	1.8
Reconciliation of taxation rate on profit before tax				
	%	%	%	%
Standard rate of taxation	24.7	25.8	24.7	25.8
Adjusted for:	24.3	(27.5)	(19.1)	(24.5)
Exempt income: interest income, dividends, unrealised gains	(25.4)	(35.5)	(27.3)	(26.4)
Disallowable expenses: entertainment expenses, management fees, unrealised losses	49.7	8.0	8.2	2.0
Effective tax rate	49.0	(1.7)	5.6	1.3
	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
18 Investment property				
Carrying amount at beginning of year	19,838.0	11,565.5	4,422.3	411.5
Additions	43.9	739.7	37.5	104.0
Disposal	(412.1)	(5.4)	(324.3)	(0.5)
Transfers in	41.1	35.9	4.7	3.2
Gain/(loss) from fair value adjustments	3,330.3	7,502.2	18,701.0	3,904.1
Carrying amount at end of year	22,841.2	19,838.0	22,841.2	4,422.3
Comprising:				
Leasehold property	252.0	193.0	252.0	43.0
Freehold property	22,562.2	19,645.0	22,562.2	4,379.3
	22,814.2	19,838.0	22,814.2	4,422.3
The fair value of freehold property leased to third parties under operating leases	17,589.0	19,645.0	17,589.0	4,379.3
Rental income from investment property	1,170.7	935.3	824.1	79.6
Direct operating expenses arising from rented-out investment property	(569.8)	(580.9)	(403.2)	(58.8)
	600.9	354.4	420.9	20.8

The carrying amount of investment property as well as owner occupied property is the fair value of property as determined annually by internal professional valuers, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The recorded values are tested by comparing with values determined by independent external valuers for a sample of properties accounting for at least 65% of the total value of the property portfolio, or for at least the top twenty-five (25) buildings by value.

Key assumptions applied in the valuation process include:

- Rental yields, are benchmarked to US\$ rentals due to the difficulty in making forward looking assumptions in ZWL, on account of the current hyperinflationary environment.
- The underlying property valuation has been performed in US\$ as property valuation standards require valuations to be performed in a stable measuring unit.
- US\$ valuation is converted to ZWL at the prevailing auction exchange rate.
- It has been assumed that current economic conditions will endure for not more than 8 years.

We used a two stage Discounted Cash Flow Method (DCF) for income earning properties. The methodology changed from Direct Capitalisation because this method assumed stable cash flows into perpetuity. However, this is not applicable to our environment anymore due to high inflation and currency depreciation.

The Property Market has remained subdued characterised by thin asset market transactions. In view of this, we have maintained the previous cap rates used during US\$ era.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Investment property (cont'd)

The Group's current lease arrangements, which are entered into on an arm's length basis and which are comparable to those for similar properties in the same location, are taken into account. Rentals are reviewed regularly in response to inflation.

The US dollar value of the property portfolio grew by 6% from US\$263,4 billion to US\$279,3 billion, attributable to improved rental yields.

As security for a credit line from Trade and Development Bank (note 33), CABS registered a bond of US\$7 million over a property, and issued powers of attorney to register bonds (in the event of default) over other properties with a total value of US\$30 million as at 31 December 2020 (both investment properties and owner occupied properties).

Investment property valuation

The fair value of the Group's properties are categorised into Level 3 of the fair value hierarchy through their use of unobservable inputs. The following table shows the valuation techniques used in the determination of the fair values for investment properties, as well as the unobservable inputs used in the valuation models.

Type of property	Value ZWL	Key unobservable inputs	Inter-relationship between unobservable inputs and key fair value measurement
Office, Retail and Industrial Properties Valuation approach: Income capitalisation	17,589m	Office - Capitalisation rates: 8% to 10% - Market rentals per m ² : US\$2.00 to US\$5.00 - Vacancy rates: 0.00% to 80.00% Retail - Capitalisation rates: 7.00% to 10.50% - Market rentals per m ² : US\$5.00 to US\$12.00 - Vacancy rates: 0.00% to 10.00% Industrial - Capitalisation rates: 10.00% to 12.00% - Market rentals per m ² : US\$0.40 to US\$4.00 - Vacancy rates: 0.00% to 5.00%	The estimated fair value would increase/(decrease) if: > net rental income increased/(decreased) > capitalisation rates were lower/(higher). > vacancies decreased/(increased) • The estimated fair value would decrease if the unobservable inputs changed the other way.
Residential Valuation approach: Direct comparison/ Market approach	44m	Rentals per month: US\$200 to US\$2,000	• The estimated fair value would increase/(decrease) if prices for comparable properties increased/(decreased).
Land Valuation approach: Direct comparison/ Market approach	5,208m	Land value per m ² : US\$46	• The estimated fair value would increase/(decrease) if prices for comparable properties increased/(decreased).

Sensitivity analysis - valuation inputs

A 1% increase in capitalisation rates would decrease the fair value by:
 A 1% decrease in capitalisation rates would increase the fair value by:
 A 10% increase in market rentals per m² would increase the fair value by:
 A 10% decrease in market rentals per m² would decrease the fair value by:

	2020 ZWLm Fair Value movement	2019 ZWLm Fair Value movement
	(2,055.7)	(534.8)
	2,512.5	735.4
	1,142.1	1,671.3
	(1,142.1)	537.9

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

19 Group Property and equipment - Inflation Adjusted - audited

	Land & buildings ZWLm	Motor vehicles ZWLm	Computer equipment ZWLm	Fixtures & fittings ZWLm	Right of use asset ZWLm	Total 2020 ZWLm
Carrying amount at beginning of year (1 January 2020)	3,444.7	285.3	894.5	78.5	26.9	4,729.9
Additions	183.3	83.7	200.5	145.7	4.2	617.4
Revaluation	356.4					356.4
IFRS 16 restatement	-	-	-	-	25.5	25.5
Disposals	-	(4.6)	(3.8)	(1.2)	-	(9.6)
Depreciation	(45.8)	(63.2)	(282.6)	(36.0)	(25.8)	(453.4)
Carrying amount at end of year	3,938.6	301.2	808.6	187.0	30.8	5,266.2
Cost/Valuation	3,938.6	566.8	2,129.3	235.9	76.5	6,947.1
Accumulated depreciation	-	(265.6)	(1,320.7)	(48.9)	(45.7)	(1,680.9)
Carrying amount at end of year (31 December 2020)	3,938.6	301.2	808.6	187.0	30.8	5,266.2
Carrying amount at beginning of year (1 January 2019)	1,827.1	181.7	663.5	193.8	-	2,866.1
Additions	83.4	162.4	673.8	15.7	39.9	975.2
Revaluation surplus	1,584.9					1,584.9
Disposals	-	(5.4)	(27.4)	(127.9)	-	(160.7)
Depreciation	(50.7)	(53.4)	(415.4)	(3.1)	(13.0)	(535.6)
Carrying amount at end of year	3,444.7	285.3	894.5	78.5	26.9	4,729.9
Cost/Valuation	3,444.7	456.2	1,854.5	83.9	38.1	5,877.4
Accumulated depreciation	-	(170.9)	(960.0)	(5.4)	(11.2)	(1,147.5)
Carrying amount at end of year (31 December 2019)	3,444.7	285.3	894.5	78.5	26.9	4,729.9

The carrying amount of owner-occupied property is the fair value of property as determined annually by internal professional valuers, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values are determined by having regard to recent market transactions for similar properties in the same location as the Group's owner-occupied property every three months (see note 18). The last valuation date was 31 December 2020.

The valuation techniques and significant unobservable inputs used in measuring the fair values of owner-occupied properties are consistent with those applied to investment properties at the reporting date. Had the land and buildings been recognised under the cost model, the carrying amount would have been ZWL63.6m as at 31 December 2020.

Group Property and equipment - Historical cost (unaudited)

	Land & buildings ZWLm	Motor vehicles ZWLm	Computer equipment ZWLm	Fixtures & fittings ZWLm	Right of use asset ZWLm	Total 2020 ZWLm
Carrying amount at beginning of year (1 January 2020)	767.9	16.8	54.6	3.4	3.6	846.3
Additions	135.2	76.6	130.1	51.2	2.1	395.2
Revaluation	3,048.1					3,048.1
IFRS 16 adjustments	-	-	-	-	27.5	27.5
Disposals	-	(1.5)	(1.5)	(0.5)	-	(3.5)
Depreciation	(26.2)	(9.5)	(24.3)	(7.3)	(10.7)	(78.0)
Carrying amount at end of year	3,925.0	82.4	158.9	46.8	22.5	4,235.6
Cost/Valuation	3,925.0	94.9	210.9	55.0	34.9	4,320.7
Accumulated depreciation	-	(12.5)	(52.0)	(8.2)	(12.4)	(85.1)
Carrying amount at end of year (31 December 2020)	3,925.0	82.4	158.9	46.8	22.5	4,235.6

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

19 Group Property and equipment - Historical cost (unaudited) (cont'd)

	Land & buildings ZWLm	Motor vehicles ZWLm	Computer equipment ZWLm	Fixtures & fittings ZWLm	Right of use asset ZWLm	Total 2019 ZWLm
Carrying amount at beginning of year (1 January 2019)	68.5	5.1	19.3	3.7	-	96.6
Additions	8.6	17.2	45.9	0.5	7.2	79.4
Revaluation surplus	693.0	-	-	-	-	693.0
Transfer from WIP	-	-	-	-	-	-
Disposals	-	(2.2)	(1.4)	(0.2)	(1.9)	(5.7)
Depreciation	(2.2)	(3.3)	(9.2)	(0.6)	(1.7)	(17.0)
Carrying amount at end of year	767.9	16.8	54.6	3.4	3.6	846.3
Cost/Valuation	768.0	22.4	82.5	4.4	5.3	882.6
Accumulated depreciation	(0.1)	(5.6)	(27.9)	(1.0)	(1.7)	(36.3)
Carrying amount at end of year (31 December 2019)	767.9	16.8	54.6	3.4	3.6	846.3

The carrying amount of owner-occupied property is the fair value of property as determined annually by internal professional valuers, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values are determined by having regard to recent market transactions for similar properties in the same location as the Group's owner-occupied property every three months (see note 18).

The valuation techniques and significant unobservable inputs used in measuring the fair values of owner-occupied properties are consistent with those applied to investment properties at the reporting date.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
20 Intangible assets				
Carrying amount at beginning of year (1 January 2020)	291.1	331.6	9.4	8.0
Additions	317.4	72.0	104.8	3.7
Amortisation	(66.1)	(112.5)	(20.7)	(2.3)
Carrying amount at end of year	542.4	291.1	93.5	9.4
Cost/Valuation	1,319.5	1,030.0	114.9	29.3
Accumulated amortisation	(777.1)	(738.9)	(21.4)	(19.9)
Carrying amount at end of year (31 December 2020)	542.4	291.1	93.5	9.4
Intangible assets comprise of right of use of software licences and system development costs				
21 Reinsurer contracts				
Provision for unearned premiums	138.9	219.8	93.6	19.2
Outstanding claims	78.2	157.9	78.2	35.2
Balance at end of year	217.1	377.7	171.8	54.4
21.1 Provision for unearned premiums:				
Opening balance	219.8	65.0	19.2	1.7
Movement in unearned premium reserve	(80.9)	154.8	74.4	17.5
Closing balance	138.9	219.8	93.6	19.2
21.2 Outstanding claims				
Balance at the beginning of the year	157.9	86.6	35.2	3.1
Claims incurred and changes in previous estimates	457.4	1,092.8	397.7	105.9
Claims paid	(537.1)	(1,021.5)	(354.7)	(73.8)
Balance at the end of the year	78.2	157.9	78.2	35.2

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
22. Investments and securities				
22.1 Analysis of investments				
Equity securities				
- listed	29,895.8	21,133.1	29,895.8	4,711.0
- unlisted	5,129.4	2,754.8	5,129.4	614.1
Total Equities (see Note 22.3 below)	35,025.2	23,887.9	35,025.2	5,325.1
Unit trust investments	7.0	51.6	7.0	11.5
Public sector securities	-	52.9	-	11.8
Treasury bills (see Note 22.6 below)	2,202.0	612.8	2,202.0	136.6
Deposits and money market securities	2,150.1	2,879.1	2,150.1	641.8
	39,384.3	27,484.2	39,384.3	6,126.8
22.2 Impairment on Treasury bills, Deposits, and Money Market Securities				
12-month ECL not credit impaired				
Loss allowance analysis				
Loss allowance on 1 January	(31.4)	(81.1)	(7.0)	(18.1)
New investment securities- purchased	(153.5)	(23.1)	(102.3)	(5.2)
Investment securities that have matured	9.5	83.5	6.3	16.3
Inflation adjustment	72.4	(10.7)	-	-
Balance as at 31 December 2020	(103.0)	(31.4)	(103.0)	(7.0)

There were no investment and securities subject to Lifetime ECL.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
22.3 Spread of equity securities by sector				
Commodities	9,020.2	1,545.8	9,020.2	344.6
Communications	1,567.6	1,099.2	1,567.6	245.0
Consumer	9,372.0	4,737.1	9,372.0	1,056.0
Financial	10,032.2	14,562.6	10,032.2	3,246.3
Property	468.5	196.9	468.5	43.9
Manufacturing	2,996.3	1,457.0	2,996.3	324.8
Mining	1,568.4	289.3	1,568.4	64.5
	35,025.2	23,887.9	35,025.2	5,325.1
22.4 Movements of investment and securities				
Opening balance	27,484.2	77,391.6	6,126.8	2,795.3
Fair value movements through profit or loss	11,009.9	(54,884.6)	29,668.8	2,848.4
Additions	7,279.0	17,064.4	5,125.6	1,656.3
Disposals	(2,003.2)	(7,113.7)	(445.3)	(690.5)
Maturities	(4,385.6)	(4,973.5)	(1,091.6)	(482.7)
Closing balances	39,384.3	27,484.2	39,384.3	6,126.8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

22 Investments and securities (cont'd)

22.5 Investment in unlisted equities above 20% shareholding

Investee	2020		2019	2019
	% holding	Inflation adjusted/ Historical Cost Value ZWLm	Inflation adjusted Value ZWLm	Historical Cost Value ZWLm
Takura Fund II (Limited Partner) "B Shares" (held by Shareholders and OMLAC Main Fund)	40%	1,624.3	1,447.6	322.7
Africa Takura Ventures-Fund 1 "M Shares" (held by Shareholders and OMLAC Main Fund)	26%	0.0	0.4	0.1
Nedbank Zimbabwe (held by Shareholders)	20%	59.4	120.7	26.9
Lake Harvest Aquaculture (held by Shareholders and OMLAC Main Fund)	26%	3.6	16.1	3.6
Lobels Holdings Limited (held by OMLAC Main Fund)	49%	961.5	643.7	143.5
Manica Board and Doors (MBD) (held by OMLAC Main Fund)	56%	107.3	51.6	11.5
Kupinga Renewable Energy (held by OMLAC Main Fund)	40%	149.0	139.5	31.1
Closefin (held by OMLAC Main Fund)	21%	173.6	81.2	18.1
Plaza Bakery (held by OMLAC Main Fund)	49%	6.3	18.4	4.1
Zimcampus preference shares (held by OMLAC Main Fund)	28%	340.9	99.6	22.2
Solgas ordinary shares (held by OMLAC Main Fund)	49%	4.6	17.9	4.0
Solgas preference shares (held by OMLAC Main fund)	100%	52.9	14.4	3.2
Richaw Solar Tech ordinary shares (held by OMLAC Main Fund)	49%	3.3	14.8	3.3
Richaw Solar Tech preference shares (held by OMLAC Main Funnd)	64%	0.0	0.4	0.1
Harava Solar Park (held by OMLAC Main Fund)	27%	2.5	11.2	2.5
Takura Fund III (Limited Partner) "D Shares" (held by Shareholders and OMLAC Main Fund)	74%	430.7	77.2	17.2
Tenpill (held by Shareholders and OMLAC Main Fund)	26%	604.2	-	-
		4,524.1	2,754.7	614.1

Underlying private equity valuations are performed in US\$. The absence of an active market in ZWL impacts on price discovery mechanisms. There is also inherent difficulty in making forward looking valuation assumptions in ZWL on account of present inflationary conditions. In addition, the multicurrency environment has meant that many investee companies generate cashflows in more than one currency with pricing referenced to a US\$ value. This makes underlying valuations in US\$ appropriate. The valuations are converted to ZWL at the prevailing auction exchange rate.

The Group has accounted for unlisted investments of this nature on the basis of IFRS 9, as Financial Assets at Fair Value through Profit or Loss, notwithstanding the percentage holding in each entity. The above investments which originate from the investments of policyholder funds, with the exception of the investment in Nedbank Zimbabwe are invested into investment linked insurance funds and funds which operate like unit trusts which are managed on a fair value basis. These funds back investment contracts with discretionary participating features and investment contracts accounted for in terms of IFRS 9.

The Group has not consolidated the investment in MBD as management concurred that the investment in MBD is not material. Nedbank Zimbabwe has not been equity accounted, but has been fair valued as per IFRS 9. The Group is not represented on the Nedbank Zimbabwe Board, does not have significant transactions with Nedbank Zimbabwe and as such, the directors do not believe that OMZIL is in a position to exercise significant influence over Nedbank Zimbabwe, notwithstanding the size of the shareholding.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
22.6 Treasury bills maturity analysis				
On demand to 3 months	1,240.7	36.8	1,240.7	8.2
3 months to 12 months	952.7	551.5	952.7	122.9
1 year to five years	8.6	24.5	8.6	5.5
Total	2,202.0	612.8	2,202.0	136.6

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

In the absence of an active bond market and formal auction for government securities, treasury bills fair value computations have become difficult in the Zimbabwean market. Treasury bills which in other markets provide guidance to fixed income investors through a yield curve are currently being issued through private placements while in the secondary market the same paper is trading at heterogeneous yields. Given the challenges mentioned above, a number of factors had to be considered in coming up with what would be considered fair discount rates for the treasury bills designated at fair value as disclosed in the table below:

Type of asset	Valuation technique	Key inputs	Range
Treasury bills	Discounted Cash flow (DCF)	<ul style="list-style-type: none"> Interest/coupon rates of recent bond issues Money market rates and direction Inflation expectations (especially for instruments above 5 years) Bonds of similar characteristics (coupon rate and maturity date) were treated as the same security and a single discount rate was applied 	14% - 17% 8% -15.49% 5.5% - 7%

22.7 Sensitivity analysis - Listed Equities	Actual reported 31 Dec 2020	+/- 20% stock movement	+/- 50% stock movement	+/- 75% stock movement
Equities - after increase	29,895.8	35,875.0	44,843.7	52,317.7
Equities - after decrease	29,895.8	23,916.6	14,947.9	7,474.0
Increase or decrease in fair value movement	29,616.0	5,979.2	14,947.9	22,421.9
Impact on profit and Net Asset Value	5,055.2	1,405.1	3,512.8	5,269.1

The Group has significant holdings in equities; consequently, movements in the market index will have a significant impact on reported profits for the year. Refer to the subsequent events note.

23 Amounts due by or (to) group companies

Group	2020 ZWLm Amounts due by	2020 ZWLm Amounts due (to)	2020 ZWLm Net Balance	2019 ZWLm Amounts due by	2019 ZWLm Amounts due (to)	2019 ZWLm Net balance
Inflation adjusted - Audited						
Old Mutual Limited (South Africa) and its subsidiaries outside Zimbabwe	-	(7,297.6)	(7,297.6)	-	(731.7)	(731.7)
	-	(7,297.6)	(7,297.6)	-	(731.7)	(731.7)
Historical Cost - Unaudited						
Old Mutual Limited (South Africa) and its subsidiaries outside Zimbabwe	-	(7,297.6)	(7,297.6)	-	(163.1)	(163.1)
	-	(7,297.6)	(7,297.6)	-	(163.1)	(163.1)

The amounts due by or to Group companies above are unsecured and are payable on demand.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
24 Loans and advances				
Concentration - gross loans and advances				
Housing	428.7	1,045.2	428.7	233.0
Unsecured personal loans	628.9	981.5	628.9	218.8
Commercial and industrial	6,587.8	4,915.2	6,587.8	1,095.7
Gross loans and advances	7,645.4	6,941.9	7,645.4	1,547.5
Less provision for impairment	(556.4)	(260.2)	(556.4)	(58.0)
Net loans and advances	7,089.0	6,681.7	7,089.0	1,489.5
Maturity analysis - gross and loans advances				
On demand to 3 months	1,285.8	889.1	1,285.8	198.2
3 months to 12 months	2,120.7	1,832.0	2,120.7	408.4
1 year to 5 years	4,152.6	4,023.4	4,152.6	896.9
Over 5 years	86.3	197.4	86.3	44.0
	7,645.4	6,941.9	7,645.4	1,547.5
Non performing loans	31.5	141.3	31.5	31.5
Analysis of past due but not impaired				
30 to 60 days past due	122.0	19.7	122.0	4.4
61 to 90 days past due	776.0	206.8	776.0	46.1
	898.0	226.5	898.0	50.5

24.1 Sectoral analysis of loans and advances

The business monitors concentrations of credit risk on loans and advances by sector. An analysis of concentrations of credit risk from loans and advances at the balance sheet date is shown below:

Sector	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
Agriculture	3,802.2	2,159.8	3,802.2	481.5
Construction, Transport & Communication	144.8	5.8	144.8	1.3
Distribution	838.4	697.6	838.4	155.5
Financial Service	9.0	16.6	9.0	3.7
Manufacturing	1,614.6	1,821.8	1,614.6	406.1
Mortgages	452.0	1,047.0	452.0	233.4
Private/Individuals	710.4	1,020.5	710.4	227.5
Services	74.0	172.8	74.0	38.5
Total gross loans	7,645.4	6,941.9	7,645.4	1,547.5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

24 Loans and advances (cont'd)

24.2 Impairment and credit quality analysis

2020 Inflation adjusted (audited)

	Subject to 12 month ECL		Subject to lifetime ECL				Total	
			Not credit impaired		Credit impaired (excluding purchased/originated)			
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 Jan 2020	6,351.6	(120.0)	356.0	(7.2)	234.3	(133.0)	6,941.9	(260.2)
	9,959.7	(788.3)	2,250.3	(224.1)	259.2	6.9	12,469.2	(1,005.5)
Originations, purchases and interest accruals	12,204.2	(850.4)	-	-	-	-	12,204.2	(850.4)
Repayments & other derecognitions, excl write-offs	(517.1)	25.4	813.3	0.6	(31.3)	15.0	264.9	41.0
Transfer to 12 month ECL	36.0	(1.9)	(30.3)	1.6	(5.5)	1.2	0.2	0.9
Transfer to lifetime ECL (not credit impaired)	(1,475.3)	222.4	1,475.3	(222.7)	(0.2)	0.1	(0.2)	(0.2)
Transfer to lifetime ECL (credit impaired)	(288.1)	10.3	(8.0)	4.5	296.2	(16.4)	0.1	(1.6)
Changes to model & risk parameters used for ECL calculation	-	(194.1)	-	(8.1)	-	7.0	-	(195.2)
Inflation adjustment	(10,015.6)	484.2	(1,420.4)	117.8	(329.7)	107.3	(11,765.7)	709.3
As at 31 Dec 2020	6,295.7	(424.1)	1,185.9	(113.5)	163.8	(18.8)	7,645.4	(556.4)

2019 Inflation adjusted (audited)

	Subject to 12 month ECL		Subject to lifetime ECL				Total	
			Not credit impaired		Credit impaired (excluding purchased/originated)			
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 Jan 2019	18,912.1	(242.7)	2,434.9	(196.0)	1,435.0	(565.7)	22,782.0	(1,004.4)
	10,974.8	(382.0)	(117.0)	79.6	(167.7)	15.8	10,690.1	(286.6)
Originations, purchases and interest accruals	14,828.9	(519.2)	-	-	-	-	14,828.9	(519.2)
Repayments & other derecognitions, excl write-offs	(3,685.2)	99.7	(250.5)	28.9	(203.2)	63.3	(4,138.9)	191.9
Transfer to 12 month ECL	747.4	(5.5)	(682.9)	79.7	(64.3)	11.7	0.2	85.9
Transfer to lifetime ECL (not credit impaired)	(822.8)	16.6	845.6	(27.9)	(22.8)	6.5	-	(4.8)
Transfer to lifetime ECL (credit impaired)	(93.5)	14.0	(29.2)	1.5	122.6	(62.0)	-	(46.5)
Changes to model & risk parameters used for ECL calculation	-	12.4	-	(2.6)	-	(3.7)	-	6.1
Inflation adjustment	(23,535.3)	504.7	(1,961.9)	109.2	(1,033.0)	416.9	(26,530.2)	1,030.8
As at 31 Dec 2019	6,351.6	(120.0)	356.0	(7.2)	234.3	(133.0)	6,941.9	(260.2)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

24 Loans and advances (cont'd)

24.2 Impairment and credit quality analysis (cont'd)

2020 Historical Cost (unaudited)

	Subject to 12 month ECL		Subject to lifetime ECL				Total	
			Not credit impaired		Credit impaired (excluding purchased/originated)			
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 Jan 2020	1,432.5	(41.9)	79.4	(1.5)	35.6	(14.6)	1,547.5	(58.0)
	4,863.2	(382.2)	1,106.5	(112.0)	128.2	(4.2)	6,097.9	(498.4)
Originations, purchases and interest accruals	5,968.3	(412.2)	-	-	-	-	5,968.3	(412.2)
Repayments & other derecognitions, excl write-offs	(260.3)	12.4	397.7	0.3	(15.3)	7.4	122.1	20.1
Transfer to 12 month ECL	17.6	(0.9)	(14.9)	(3.7)	(2.7)	0.9	-	(3.7)
Transfer to lifetime ECL (not credit impaired)	(721.5)	108.8	727.7	(108.8)	(0.1)	-	6.1	-
Transfer to lifetime ECL (credit impaired)	(140.9)	4.7	(4.0)	2.2	146.3	(7.6)	1.4	(0.7)
Changes to model & risk parameters used for ECL calculation	-	(95.0)	-	(2.0)	-	(4.9)	-	(101.9)
As at 31 Dec 2020	6,295.7	(424.1)	1,185.9	(113.5)	163.8	(18.8)	7,645.4	(556.4)

2019 Historical cost (unaudited)

	Subject to 12 month ECL		Subject to lifetime ECL				Total	
			Not credit impaired		Credit impaired (excluding purchased/originated)			
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 Jan 2019	677.6	(9.5)	87.4	(7.0)	52.3	(20.3)	817.3	(36.8)
	754.9	(32.4)	(8.0)	5.5	(11.4)	1.1	735.5	(25.8)
Originations, purchases and interest accruals	1,016.5	(41.6)	-	-	-	-	1,016.5	(41.6)
Repayments & other derecognitions, excl write-offs	(250.2)	6.7	(17.0)	2.0	(13.8)	4.3	(281.0)	13.0
Transfer to 12 month ECL	50.8	(0.4)	(46.4)	5.4	(4.4)	0.8	-	5.8
Transfer to lifetime ECL (not credit impaired)	(55.9)	1.1	57.4	(1.8)	(1.5)	0.4	-	(0.3)
Transfer to lifetime ECL (credit impaired)	(6.3)	1.0	(2.0)	0.1	8.3	(4.2)	-	(3.1)
Changes to model & risk parameters used for ECL calculation	-	0.8	-	(0.2)	-	(0.2)	-	0.4
Write-offs	-	-	-	-	(5.3)	4.6	(5.3)	4.6
As at 31 Dec 2019	1,432.5	(41.9)	79.4	(1.5)	35.6	(14.6)	1,547.5	(58.0)

The following COVID-19 related factors contributed to the increase in the 2020 allowance for ECL

- Restructuring of facilities facing liquidity constraints led to a significant increase in credit risk; and
- The application of stringent IFRS 9 model parameters on clients in sectors severely impacted by the pandemic.

The current Zimbabwean market does not have reasonable and supportable information to allow for forecasting. The Group has had to rely on the 30 day backstop to determine whether there have been significant increases in credit risk since initial recognition. The inability to collect reasonable and supportable information for forward looking was considered significant in the current environment, management concluded that a 30% additional provision overlay was required. The following were considered:

- Economic sectors with a greater risk of default;
- Counterparties in financial distress;
- Projected economic outlook based on the performance achieved in 2020.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
25 Other assets				
Accrued investment income	495.1	35.0	495.1	7.8
Agent debtors and prepayments	1,410.2	1,007.5	882.5	58.4
Inventory - Capitalised project costs (see Note 25.1 below)	652.8	720.0	21.6	61.3
Banking settlement and other clearing accounts	816.4	1,110.3	816.4	247.5
RBZ Legacy Debt (see Note 25.2 below)	8,142.3	1,165.0	8,142.3	259.7
Trade debtors	160.0	239.5	160.0	53.4
Other	435.0	183.0	251.8	6.6
	12,111.8	4,460.3	10,769.7	694.7
25.1 Inventory - Capitalised project costs				
Opening balance	720.0	1,231.4	61.3	37.3
Additions	25.8	163.7	9.9	34.6
Cost of Sales	(50.9)	(365.6)	(7.5)	(10.6)
Transfer to Investment Property	(42.1)	(309.5)	(42.1)	-
	652.8	720.0	21.6	61.3
25.2 RBZ Legacy Debt				
Principal Amount	101.5	131.1	101.5	29.2
Fair value gain	8,210.6	2,067.3	8,210.6	460.9
Gross amount receivable	8,312.1	2,198.4	8,312.1	490.1
Provision	(169.8)	(1,033.4)	(169.8)	(230.4)
Total	8,142.3	1,165.0	8,142.3	259.7

On the 24th of June 2019, the Government issued Statutory Instrument 142 (SI 142) which was followed up by the Reserve Bank of Zimbabwe ("RBZ")'s Exchange Control Directive RU/102 of 2019 which directed authorised dealers to transfer to the RBZ, Zimbabwe Dollar balances at an exchange rate of ZWL1:US\$1 in relation to foreign currency legacy debts to be registered with the RBZ.

25.2.1 Legacy Debts registration process

	2020 Approved USDm	Application outcome pending USDm	2019 Approved USDm	Application outcome pending USDm
External lines of credit	26.4	-	25.2	-
Amounts owing to related parties	83.8	5.1	-	89.3
Amounts owing to 3rd parties	-	3.9	-	4.0
Amounts utilised during the year	(8.7)	-	-	-
	101.5	9.0	25.2	93.3

The Group made applications relating to amounts incurred in US\$ between 2012 and 2018, when the functional currency was US\$ and prior to promulgation of SI 33 of February 2019, to providers of offshore lines of credit as well as related parties within the wider Old Mutual Limited Group.

CABS initially registered for US\$30.3m owing mostly to loan repayments for offshore lines of credit and foreign suppliers of goods and services, during 2019, but only US\$26.4m was finally approved. During 2020, OMZIL also got approval for US\$83.8m in respect of unremitted dividends (US\$32.1m), payables for the indigenisation transaction (US\$50m) and management fees (US\$1.7m). Following the approval for OMZIL, ZWL32.1m was then transferred to the RBZ in April 2020, US\$50 million relating to the indigenisation transaction was transferred in May 2020 and the remaining ZWL1.7m was transferred in June 2020. CABS recognised a foreign currency denominated financial instrument in the 2019 financial results in respect of the funds transferred to the RBZ as a legitimate expectation to receive foreign currency had been created, with exchange gains & losses as well as credit losses being recognised in the statement of profit or loss.

The OMZIL legacy debt was only registered in 2020, so in the 2019 financial statements the financial treatment was different to that adopted for CABS. These amounts were accounted for as amounts due to group companies at the value of the corresponding amount of the matching portfolio of assets where the funds had been invested pending legacy debt registration. Upon transferring local funds for the registration of legacy debts/blocked funds a legitimate expectation to receive a cashflow to allow for settlement of the registered obligation was created and a financial instrument was recognised on the Group's statement of financial position. This financial instrument has been fair valued on the assumption that a right to acquire an amount equivalent to the debt registered at a future date now exists. The carrying value of the financial instrument reflects management's assessment of the present value of the expected net cashflows to be received under this arrangement.

The RBZ has stated its intention to honour its commitment and has provided liquidity to support obligations that CABS has settled to the tune of US\$8.65m since the debts were registered. Discussions with RBZ are underway to finalise settlement modalities for the debts owed by OMZIL which amount to US\$83.8m.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

The legacy debt financial instrument is subject to expected credit losses as required by IFRS 9 and has consequently been put into the Stage 1 of the ECL model as the credit rating. Stage 1 has been considered as appropriate due to indications by Government of the intention to support the orderly discharge of the obligation. CABS applied a lower provision of 2.5% as further approvals were obtained and also to be in line with the coverage ratios in the local market, which are between 0-3%. OMZIL applied a provision of 7.9% after considering anticipated changes in macro-economic variables.

The table below shows the impact on profit and net assets at various levels of provisioning the legacy debt instrument.

	Carrying amount 31 Dec 2020	Additional provisioning @10%	Additional provisioning @20%	Additional provisioning @50%
25.2.2 Sensitivity analysis - Legacy debt provisioning				
Legacy Debt	8,142.3	7,480.9	6,649.7	4,156.0
Impact on profit and net assets	-	(661.4)	(1,492.6)	(3,986.3)

While the auditors have concluded that asset recognition criteria is not met in terms of IFRSs, the directors believe that the risk of non-realisation of cashflows under the arrangement is remote due to the fact that the RBZ has supported repayments under the legacy debt registered for CABS as they have fallen due, with indications having been provided that support will continue to be provided for the remaining amounts in CABS and OMZIL.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
26 Cash and cash equivalents				
Cash at bank and on hand	7,386.4	7,659.7	7,386.4	1,707.5
	7,386.4	7,659.7	7,386.4	1,707.5

The Group tested for impairment on cash and cash equivalents, considering forward looking information and credit risk of counterparties, and concluded that the risk was low and impairment was not material.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
27 Insurance contract liabilities				
Outstanding claims	41.9	31.6	41.9	7.1
Future policyholders' benefits (see analysis of movement in provision below)	47,497.7	37,877.4	47,389.1	8,294.7
	47,539.6	37,909.0	47,431.0	8,301.8
27.1 Future policyholders' benefits				
Movement in provision for insurance contracts				
Balance at beginning of year	37,877.4	57,272.4	8,294.7	2,047.1
Inflows				
Premium income	4,089.7	4,049.4	2,524.9	371.4
Investment income	9,107.9	(18,469.0)	39,725.7	6,231.2
Fee and other income	338.5	153.0	67.0	9.8
Outflows				
Claims and policy benefits	(2,386.6)	(3,143.7)	(1,591.7)	(232.1)
Operating expenses	(1,870.2)	(1,186.1)	(1,175.8)	(106.2)
Taxation				
Current tax	(127.3)	(40.4)	(107.5)	(7.5)
Deferred tax	798.0	(673.0)	(18.5)	-
Transfer to operating profit	(329.7)	(85.2)	(329.7)	(19.0)
Balance at end of year	47,497.7	37,877.4	47,389.1	8,294.7
27.2 Outstanding claims				
Balance at beginning of year	31.6	79.0	7.1	2.8
New Claims	2,244.1	2,554.9	1,312.2	172.5
Payments	(2,233.8)	(2,602.3)	(1,277.4)	(168.2)
Balance at end of year	41.9	31.6	41.9	7.1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
28 Investment contract liabilities				
Liabilities at fair value through profit or loss	3,275.0	2,652.1	3,275.0	591.2
Movement in liabilities fair valued through profit or loss				
Balance at beginning of year	2,652.1	5,822.7	591.2	208.9
New contributions received	38.8	43.5	38.8	3.6
Withdrawals	(13.0)	(300.1)	(13.0)	(24.8)
Fair value movements	597.1	(2,914.0)	2,658.0	403.5
Balance at end of year	3,275.0	2,652.1	3,275.0	591.2

29 Share-based payments

29.1 Indigenisation Transactions

In 2012 the Group entered into an Indigenisation transaction under the Indigenisation & Economic Empowerment Act of 2008 (Chapter 14:33). OMZIL donated \$60 000 000 to qualifying indigenous Groups through trusts to acquire OMZIL shares from the main shareholder Old Mutual Netherlands B.V. The shares were transferred to the various trusts on 1 June 2012. The grants represent a share-based payment transaction as defined in IFRS 2, Share-based payments transactions.

OMZIL may be called upon from time to time, to provide such funds as may be required by the Trustees of the various trusts in their capacities as such, to defray the costs and expenses arising out of and in connection with the administration of the trusts.

OMZIL Indigenisation Employee Share Scheme

This scheme operates for the benefit of all employees of the Group who met the qualification criteria set by management. On 1 June 2012, an allocation was made by means of a once-off share award to the participants. The award is not subject to any performance targets but employees are required to be in the service of Old Mutual during the vesting period.

Participants took delivery of the shares after the vesting periods of two years (one-third), three years (one-third) and 4 years (one-third) of participation in the scheme. The related expenses were recognised over the respective vesting periods. All shares that were issued under this trust vested in 2016 and there are currently no shares outstanding to staff.

OMZIL Management Incentive Share Scheme

This scheme operates for the benefit of management and its primary purpose is to attract, reward, and retain senior and middle management. Awards will be made annually on agreed terms and conditions with a vesting period of three years. Participants receive dividends from the date of the award. Staff joining the Group after the allocation date also participate in the scheme. There are currently no shares outstanding to staff.

OMZIL Clients Pension Ex-gratia Trust

This scheme operates for the benefit of client pensioners. Once off share awards were allocated to participants. These vested immediately and were not subject to any conditions.

Kurera/Ukondla Youth Fund Trust

This scheme operates for the benefit of the youth population of Zimbabwe. It is administered in collaboration with the Ministry of Youth, Sport, Arts and Recreation through the Zimbabwe Youth Council. The shares act as collateral to loans accessed from CABS by young people as defined. These share awards vested immediately and were not subject to any conditions.

Strategic Partner

The Strategic partner is Stiefel Investments (Private) Limited (Stiefel), an investment holding company and provider of advisory services. The beneficiary persons behind Stiefel are Messrs L.E.M. Ngwerume and Todd Moyo, and Mrs Tracey Mutaviri. Mr Ngwerume is a former Group Chief Executive Officer of OMZIL while Mrs Mutaviri is a non-executive director of CABS. The purchase consideration of the shares was \$13 016 238 for 11 621 641 issued and fully paid up 'B class' shares at a price of \$ 1.12 per share. The amount funded (finance assisted) by the Group was \$12 755 913 after a 2% down payment of \$260 324 paid by Steifel.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

Costs associated with Indigenisation transactions

Employee Share Scheme
Management Incentive Scheme

Group 2020 ZWLm	Group 2019 ZWLm
-	-
-	0.1
-	0.1

OMZIL Management Incentive Scheme

Opening balance of shares
Issued during the year
Exercised during the year
Forfeited

Closing balance of shares

	Number of shares	Number of shares
Opening balance of shares	-	1,601,743
Issued during the year	-	-
Exercised during the year	-	(1,601,743)
Forfeited	-	-
Closing balance of shares	-	-

The shares are listed on the "Finsec Alternative Trading platform"(ATP)". The ATP price as at 31 December 2020 was ZWL26.50 (2019: ZWL12.00).

29.2 Share-based payments reserve

The equity share-based payment reserve is maintained in the Group from the date of issue of the share awards. On exercise of the share awards, settlement will be made through the structured entities controlled by Old Mutual Zimbabwe Limited which are listed above in Note 29.1.

29.3 Cash-settled share-based employee compensation plans

Broad Based Employee Share Plan (BBESP)

In 2018, the Group granted share awards to all eligible employees as part of the primary listing of Old Mutual Limited on the Johannesburg Stock Exchange (JSE). All permanent employees of the Group on the date of listing of Old Mutual Limited were eligible to participate, provided that they were still permanently employed by the Group on the grant date of 18 September 2018.

All participants received a fixed Rand value offer of R10 000 converted into the local currency after reducing the award by the amount needed to cover the tax liability on the award for each employee in compliance with tax legislation which states that share awards are taxable on grant. The actual number of shares granted to each employee was calculated on the grant date using the price of the Old Mutual Limited share on the JSE.

The BBESP award was to be restricted for a period of two years from the grant date. Participants were entitled to receive dividends in respect of the share awards during the restricted period. At the end of the restricted period, the value of the vested share awards would be paid in cash to the participants. The BBESP awards were not subject to performance conditions, however, the Award was subject to the condition that participants remained employed by the Group during the restricted period.

Broad Based Employee Share Plan (BBESP)

The balance of the liability at the end of reporting period was as below:

Broad Based Employee Share Plan

Group 2020 ZWLm	Group 2019 ZWLm
-	6.2
-	6.2

The fair value of services received in return for the BBESP was measured by reference to the fair value of share entitlements granted over the service period. The fair value was measured using the closing price of the Old Mutual Limited share on the JSE at each reporting date. The cash-settled share based payment liability was maintained in the Group and remeasured at each reporting date during the period up to exercise of the share options, with changes in fair value recorded in profit or loss.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

Movements relating to share entitlements and awards during the year are as follows:

Deferred delivery entitlements	2020	2019
	No of shares	No of shares
Outstanding, at beginning of year	398 647	346,333
Issued during the year	-	127,739
Vested during the year	(389,957)	(23,273)
Forfeited during the year	(8,690)	(52,152)
Outstanding, at end of year	-	398,647

All the outstanding shares vested in September 2020 at the completion of the restricted period and the participants were settled in cash the value of the shares on the vesting date, per the vesting conditions. The share price of the Old Mutual Limited share on the JSE was applied to the total shares held by each participant. The share scheme was wound up upon settlement of the outstanding obligations.

30 Provisions

Group

Inflation adjusted - audited 2020

Balance at beginning of year	200.5	32.3	232.8
Amount utilised	(449.7)	(251.3)	(701.0)
Charge	555.1	376.4	931.5
Balance at end of year	305.9	157.4	463.3

2019

Balance at beginning of year	161.5	286.6	448.1
Amount utilised	(69.5)	(392.5)	(462.0)
Charge	108.5	138.2	246.7
Balance at end of year	200.5	32.3	232.8

Historical Cost - Unaudited 2020

Balance at beginning of year	44.7	7.2	51.9
Amount utilised	(165.1)	(33.3)	(198.4)
Charge	426.3	183.5	609.8
Balance at end of year	305.9	157.4	463.3

2019

Balance at beginning of year	5.7	10.5	16.2
Amount utilised	(3.6)	(15.7)	(19.3)
Charge	42.6	12.4	55.0
Balance at end of year	44.7	7.2	51.9

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2020

		At beginning ZWLm	Charge to equity ZWLm	Income statement charge ZWLm	At end ZWLm
31	Deferred tax - Inflation adjusted - audited Group				
	2020				
	Deferred tax liability				
	Shareholders	565.2	65.2	(95.3)	535.1
	Policyholders	777.9	-	(797.2)	(19.3)
		1,343.1	65.2	(892.5)	515.8
	Deferred tax asset				
	Shareholders	(28.3)	-	26.8	(1.5)
		(28.3)	-	26.8	(1.5)
	Aggregate deferred tax	1,314.8	65.2	(865.7)	514.3
	Analysis of deferred tax				
	Wear and tear				275.3
	Capital gains				237.5
	Assessed loss				1.5
					514.3
	2019				
	Deferred tax liability				
	Shareholders	655.8	(568.8)	478.2	565.2
	Policyholders	973.0	-	(195.1)	777.9
		1,628.8	(568.8)	283.1	1,343.1
	Deferred tax asset				
	Shareholders	(53.8)	-	25.5	(28.3)
		(53.8)	-	25.5	(28.3)
	Aggregate deferred tax	1,575.0	(568.8)	308.6	1,314.8
	Analysis of deferred tax				
	Wear and tear				1,214.8
	Capital gains				100.0
	Assessed loss				-
					1,314.8
	Historical cost				
	2020				
	Deferred tax liability				
	Shareholders	84.9	(42.8)	152.8	194.9
	Policyholders	223.9	-	18.5	242.4
		308.8	(42.8)	171.3	437.3
	Deferred tax asset				
	Shareholders	(7.0)	-	-	(7.0)
		(7.0)	-	-	(7.0)
	Aggregate deferred tax	301.8	(42.8)	171.3	430.3
	Analysis of deferred tax				
	Wear and tear				223.4
	Capital gains				204.2
	Assessed loss				2.7
					430.3
	2019				
	Deferred tax liability				
	Shareholders	27.9	47.8	9.2	84.9
	Policyholders	30.1	-	193.8	223.9
		58.0	47.8	203.0	308.8
	Deferred tax asset				
	Shareholders	(1.4)	-	(5.6)	(7.0)
		(1.4)	-	(5.6)	(7.0)
	Aggregate deferred tax	56.6	47.8	197.4	301.8
	Analysis of deferred tax				
	Wear and tear				168.3
	Capital gains				123.3
	Assessed loss				10.2
					301.8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

32 Amounts owed to bank depositors

In the Group's banking business, the Group receives cash from bank depositors. The depositors receive interest on the amounts owed depending on the value of the amount borrowed and the terms of the deposit.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
Money market deposits	216.2	1,990.4	216.2	443.7
Term deposits	0.1	1.0	0.1	0.2
Savings deposits	12,820.9	9,499.7	12,820.9	2,117.7
	13,037.2	11,491.1	13,037.2	2,561.6
Maturity analysis				
On demand to 3 months	12,918.5	9,976.6	12,918.5	2,224.0
3 months to a year	7.7	1,034.1	7.7	230.5
1 year to 5 years	42.1	171.4	42.1	38.2
Over 5 years	68.9	309.0	68.9	68.9
	13,037.2	11,491.1	13,037.2	2,561.6
Concentration - value				
Financial institutions	1,123.8	3,139.7	1,123.8	699.9
Companies	9,847.0	6,173.9	9,847.0	1,376.3
Individuals	2,066.4	2,177.5	2,066.4	485.4
	13,037.2	11,491.1	13,037.2	2,561.6
Concentration - percentage	%	%	%	%
Financial institutions	8.6	27.3	8.6	27.3
Companies	75.5	53.8	75.5	53.8
Individuals	15.9	18.9	15.9	18.9
	100.0	100.0	100.0	100.0

33 Credit lines

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
Trade and Development Bank loan	510.4	1,606.4	510.4	358.1
Shelter Afrique	369.6	470.4	369.6	104.9
AFDB Loan	2,107.8	1,949.7	2,107.8	434.6
Afrexim Bank	166.1	-	166.1	-
Balance at end of the year	3,153.9	4,026.5	3,153.9	897.6
Maturity analysis				
On demand to 3 months	637.5	627.4	637.5	139.8
3 months to 1 year	2,266.5	961.2	2,266.5	214.3
1 year to 5 years	249.9	2,437.9	249.9	543.5
	3,153.9	4,026.5	3,153.9	897.6

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

The Trade and Development Bank loan is repayable over 3 years, the AFDB loan over 4 years, the Afreximbank loan over 3 years and the Shelter Afrique loan over 10 years. The Trade and Development Bank loan was obtained in October 2017, the Shelter Afrique loans in 2014, the AFDB loan in September 2018 and the Afreximbank loan in 2020. As security for the Trade and Development Bank loan, the Group registered bonds of US\$7 million and issued powers of attorney to register bonds (in the event of default) over properties with a total value of US\$30 million as at 31 December 2020 (both investment properties and owner occupied properties). The Shelter Afrique loan is secured by a guarantee from OMZIL as well as a cession of the performing loan book covering two times the exposure at any given time.

34 Other payables

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
Accruals and deferred income	732.0	831.2	176.7	26.1
Trade creditors	1,271.9	662.1	1,271.9	147.6
Foreign Creditors	7.5	280.2	7.5	62.5
Dividend payable	25.4	113.9	25.4	25.4
Kurera-Ukondla fund	7.7	34.8	7.7	7.7
Other liabilities (including settlement control accounts)	328.1	920.1	282.3	90.0
	2,372.6	2,842.3	1,771.5	359.3

35 Contingent liabilities

Commission of Inquiry

A commission of inquiry established by the Zimbabwean Government concluded its inquiry into the loss in value for certain policyholders and beneficiaries upon the conversion of pension and insurance benefits after the dollarisation of the economy in 2009. On 9 March 2018, the results of the Zimbabwean Government's inquiry were made public.

Although the Commission believes that policyholders may have been prejudiced, and that government, regulators, and the insurance industry played a role in the loss of value, this finding is subject to review by the President and Cabinet. Furthermore, the Commission did not determine a methodology for quantifying or allocating responsibility for this prejudice, and recommended that this be the subject of a further independent process to determine a criteria for assessing prejudice as well as a basis for compensation, which will also take into account the need to maintain stability and confidence in the industry. The process had not officially commenced as of May 2021. As such, we are not currently able to establish what impact the Commission's findings will have on Old Mutual Zimbabwe and its subsidiary, Old Mutual Life Assurance Company Zimbabwe Limited.

36 Post employment benefits obligations

The Group provides pension benefits to permanent employees and post-retirement benefits to qualifying employees. Pension benefits have been designed, and are administered in accordance with the Pension and Provident Funds Act (Chapter 24:09), and are defined contribution schemes.

The Old Mutual Staff Pension Fund

The Fund is a defined contribution plan registered to provide retirement benefits for the Group's full-time employees.

National Social Security Authority Scheme

This scheme was promulgated under the National Social Security Authority Act 1989. The Group's obligation under the scheme is limited to specific contributions as legislated from time to time and is presently ZWL450 per month per employee. The employee and the employer contribute ZWL225 each per month.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

Old Mutual Post Retirement Medical Aid Subsidy Fund

The fund is a defined contribution plan for the Group's full-time employees.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
Contributions recognised as an expense for the year				
- Old Mutual Staff Pension Fund	45.9	43.5	28.1	3.6
- National Social Security Authority Scheme	9.9	15.7	7.5	1.2
- Post retirement medical aid	3.5	4.5	2.3	1.0

37 Capital commitments

Authorised	1,105.2	1,178.6	1,105.2	262.7
------------	----------------	----------------	----------------	--------------

The Group is committed to incur capital expenditure and the commitments are expected to be settled in the year 2020.

For advances

Aggregate commitments due under advances granted but not yet disbursed	61.4	278.4	61.4	62.1
--	-------------	--------------	-------------	-------------

38 Related party disclosures

Holding company and fellow subsidiaries and associates.

The Group's immediate holding company is OM Zimbabwe Holdco Limited which holds 75% of the Group's ordinary shares. The ultimate holding company is Old Mutual Limited, incorporated in South Africa.

Other Group companies consist of fellow subsidiaries and associates.

Transactions and balances with holding company and fellow subsidiaries

	Group Inflation adjusted/ Historical	Inflation adjusted	Historical cost
	2020 ZWLm	2019 ZWLm	2019 ZWLm
Fellow related parties			
Old Mutual Life Assurance Company (South Africa) Limited			
Amounts due to as at 31 December	(583.0)	(299.7)	(66.8)
Old Mutual Zimbabwe Holdco Limited			
Amounts due to as at 31 December	(2,625.3)	(207.8)	(46.3)
Old Mutual Finance (U.K) Plc			
Amounts due to as at 31 December	(4,089.3)	(224.3)	(50.0)

Loans due by or to subsidiaries and other Group companies

Old Mutual Finance (U.K) Plc took over the amount previously owing to Old Mutual Netherlands. Loans due by or to subsidiaries or other Group companies within Zimbabwe accrue interest at market related interest rates, and the amounts are repayable on demand.

All the Group's principal subsidiaries together with loans due by or to them are listed in Note 44 and 47.

Capital advances and amounts due by or to Group companies are disclosed in Note 47.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

Key management personnel

Key management personnel and their close family members and entities which they control, jointly control or over which they exercise significant influence are considered related parties to the Group.

	Inflation adjusted		Historical cost	
	audited		unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
Key management personnel remuneration and other compensation				
Short-term employee benefits	507.2	207.7	426.3	51.1
Share based payments	1.4	25.1	1.4	4.0
Post-employment benefits	17.0	9.1	10.8	0.9
	525.6	241.9	438.5	56.0

39 Unconsolidated structured entity

During 2012, Kurera-Ukondla Youth Fund was formed as part of conforming with the Indigenisation and Economic Empowerment Act for the sole benefit of the Youth of Zimbabwe. OMZIL appoints Trustees who are responsible for overseeing the trust's activities. OMZIL has no interest in the profits or losses of the fund; all income and assets belongs to the Youth Fund and there is no exposure.

40 Group statement of financial position

40.1 Categories of financial instruments

The analysis of assets and liabilities into their categories as defined in IFRS 9 'Financial Instruments: Recognition and Measurement' (IFRS 9) is set out in the following table. For completeness, assets and liabilities of a non-financial nature or financial assets and liabilities that are specifically excluded from the scope of IFRS 9, are reflected in the non-financial assets and liabilities category.

Inflation Adjusted - audited At 31 December 2020	At fair value through profit or loss ZWLm	At amortised cost ZWLm	Non-financial assets/ liabilities ZWLm	Total ZWLm
Assets				
Investment property	-	-	22,841.2	22,841.2
Property and equipment	-	-	5,266.2	5,266.2
Intangible assets	-	-	542.4	542.4
Deferred acquisition costs	-	-	25.3	25.3
Reinsurers' share of insurance contract provisions	-	217.1	-	217.1
Investments and securities	35,032.2	4,352.1	-	39,384.3
Deferred tax assets	-	-	1.5	1.5
Current tax assets	-	-	60.5	60.5
Loans and advances	-	7,089.0	-	7,089.0
Other assets	-	11,089.8	1,022.0	12,111.8
Cash and cash equivalents	-	7,386.4	-	7,386.4
	35,032.2	30,134.4	29,759.1	94,925.7
Liabilities				
Insurance contract liabilities	-	-	47,539.6	47,539.6
Investment contract liabilities	3,275.0	-	-	3,275.0
Provisions	-	-	463.3	463.3
Deferred tax liabilities	-	-	515.8	515.8
Current tax payable	-	-	2.3	2.3
Amounts due to Group companies	-	7,297.6	-	7,297.6
Amounts owed to bank depositors	-	13,037.2	-	13,037.2
Credit lines	-	3,153.9	-	3,153.9
Other liabilities	-	2,372.6	-	2,372.6
	3,275.0	25,861.3	48,521.0	77,657.3

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

40 Group statement of financial position (cont'd)

40.1 Categories of financial instruments (cont'd)

Inflation Adjusted - audited At 31 December 2019	At fair value through profit or loss ZWLm	At amortised cost ZWLm	Non-financial assets/ liabilities ZWLm	Total ZWLm
Assets				
Investment property	-	-	19,838.0	19,838.0
Property and equipment	-	-	4,729.9	4,729.9
Intangible assets	-	-	291.1	291.1
Deferred acquisition costs	-	-	41.7	41.7
Reinsurers' share of insurance contract provisions	-	377.7	-	377.7
Investments and securities	23,992.4	3,491.8	-	27,484.2
Deferred tax assets	-	-	28.3	28.3
Current tax assets	-	-	64.1	64.1
Loans and advances	-	6,681.7	-	6,681.7
Other assets	-	2,927.5	1,532.8	4,460.3
Cash and cash equivalents	-	7,659.7	-	7,659.7
	23,992.4	21,138.4	26,525.9	71,656.7
Liabilities				
Insurance contract liabilities	-	-	37,909.0	37,909.0
Investment contract liabilities	2,652.1	-	-	2,652.1
Provisions	-	-	232.8	232.8
Deferred tax liabilities	-	-	1,343.1	1,343.1
Current tax payable	-	-	10.8	10.8
Credit lines	-	4,026.5	-	4,026.5
Amounts due to Group companies	-	731.7	-	731.7
Amounts owed to bank depositors	-	11,491.1	-	11,491.1
Other liabilities	-	2,842.3	-	2,842.3
	2,652.1	19,091.6	39,495.7	61,239.4
Historical Cost - unaudited At 31 December 2020				
Assets				
Investment property	-	-	22,841.2	22,841.2
Property and equipment	-	-	4,235.6	4,235.6
Intangible assets	-	-	93.5	93.5
Deferred acquisition costs	-	-	17.2	17.2
Reinsurers' share of insurance contract provisions	-	171.8	-	171.8
Investments and securities	35,032.2	4,352.1	-	39,384.3
Deferred tax assets	-	-	7.0	7.0
Current tax assets	-	-	60.5	60.5
Loans and advances	-	7,089.0	-	7,089.0
Other assets	-	10,485.7	284.0	10,769.7
Cash and cash equivalents	-	7,386.4	-	7,386.4
	35,032.2	29,485.0	27,539.0	92,056.2
Liabilities				
Insurance contract liabilities	-	-	47,431.0	47,431.0
Investment contract liabilities	3,275.0	-	-	3,275.0
Provisions	-	-	463.3	463.3
Deferred tax liabilities	-	-	437.3	437.3
Current tax payable	-	-	2.3	2.3
Amounts due to Group companies	-	7,297.6	-	7,297.6
Amounts owed to bank depositors	-	13,037.2	-	13,037.2
Credit lines	-	3,153.9	-	3,153.9
Other liabilities	-	1,771.5	-	1,771.5
	3,275.0	25,260.2	48,333.9	76,869.1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

40 Group statement of financial position (cont'd)

40.1 Categories of financial instruments (cont'd)

Historical Cost - unaudited At 31 December 2019	At fair value through profit or loss ZWLm	At amortised cost ZWLm	Non-financial assets/ liabilities ZWLm	Total ZWLm
Assets				
Investment property	-	-	4,422.3	4,422.3
Property and equipment	-	-	846.3	846.3
Intangible assets	-	-	9.4	9.4
Deferred acquisition costs	-	-	1.7	1.7
Reinsurers' share of insurance contract provisions	-	54.4	-	54.4
Investments and securities	5,348.4	778.4	-	6,126.8
Deferred tax assets	-	-	7.0	7.0
Current tax assets	-	-	14.3	14.3
Loans and advances	-	1,489.5	-	1,489.5
Other assets	-	573.4	121.3	694.7
Cash and cash equivalents	-	1,707.5	-	1,707.5
	5,348.4	4,603.2	5,422.3	15,373.9
Liabilities				
Insurance contract liabilities	-	-	8,301.8	8,301.8
Investment contract liabilities	591.2	-	-	591.2
Provisions	-	-	51.9	51.9
Deferred tax liabilities	-	-	308.8	308.8
Current tax payable	-	-	2.4	2.4
Amounts due to Group companies	-	163.1	-	163.1
Amounts owed to bank depositors	-	2,561.6	-	2,561.6
Credit lines	-	897.6	-	897.6
Other liabilities	-	359.3	-	359.3
	591.2	3,981.6	8,664.9	13,237.7

40.2 Fair values of financial assets and liabilities

Determination of fair value

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active or quoted prices cannot be obtained without undue effort, another valuation technique is used. This is after:

- Assessing whether instruments are trading with sufficient frequency and volume such that they can be considered liquid.
- The inclusion of a measure of the counterparties' non-performance risk in the fair value measurement of loans and advances, which involves the modelling of dynamic credit spreads.
- The inclusion of own credit risk in the calculation of the fair value of financial liabilities.

There have been no significant changes in the valuation techniques applied when valuing financial instruments. The general principles applied to those instruments measured at fair value are outlined below:

Loans and advances

Loans and advances include mortgage loans, other asset-based loans, including collateralised debt obligations and other secured and unsecured loans.

In the absence of an observable market for these instruments, the fair value is determined by using internally developed models that are specific to the instrument and that incorporate all available observable inputs. These models involve discounting the contractual cash flows by using a credit-adjusted rate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

40 Group statement of financial position (cont'd)

40.2 Fair values of financial assets and liabilities (cont'd)

Investments and securities

Investments and securities include listed and unlisted equity securities, pooled investments, and short term funds. Pooled investments represent the Group's holdings of shares/units in open-ended investment companies, unit trusts, mutual funds, and similar investment vehicles. Pooled investments are recognised at fair value. The fair values of pooled investments are based on widely published prices that are regularly updated or models based on the market prices of investments held in the underlying pooled investment funds.

Other investment and securities that are measured at fair value are measured at observable market prices where available. In the absence of observable market prices, these investments and securities are fair valued utilising one or more of the following techniques: discounted cash flows, the applicable of an EBITDA multiple or any other relevant technique.

Investment contract liabilities

The fair value of investment contract liabilities is determined with reference to the underlying funds that are held by the Group.

Other financial assets and liabilities

The fair values of other financial assets and liabilities are reasonably approximated by the carrying amounts reflected in the statement of financial position as they are short-term in nature or re-price to current market rates frequently.

Fair value hierarchy

Level 1 – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets

Level 2 – valuation techniques using observable inputs: financial assets and liabilities with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable

Level 3 – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices, and the size of bid/offer spreads. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process.

The majority of valuation techniques employ only observable market data, and so the reliability of the fair value measurement is high. However, certain financial assets and liabilities are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable and, for them, the derivation of fair value is more judgemental. A financial asset or liability in its entirety is classified as valued using significant unobservable inputs if a significant proportion of that asset or liability's carrying amount is driven by unobservable inputs. In this context, 'unobservable' means that there is little or no current market data available for which to determine the price at which an arm's length transaction would be likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value (for example, consensus pricing data may be used). Furthermore, in some cases the majority of the fair value derived from a valuation technique with significant unobservable inputs may be attributable to observable inputs.

Financial assets and liabilities not measured at fair value

For items not measured at fair value the amounts presented in the financial statements closely approximate fair value. This is largely due to unavailability of consistent assumptions in the market that can be used to determine fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

40 Group statement of financial position (cont'd)

40.2 Fair values of financial assets and liabilities (cont'd)

Analysis of instruments at fair value

	Level 1 ZWLm	Level 2 ZWLm	Level 3 ZWLm	Total ZWLm
At 31 December 2020 -				
Inflation adjusted/Historical				
Financial assets measured at fair value				
Investment and securities	29,902.8	-	5,129.4	35,032.2
Total financial assets measured at fair value	29,902.8	-	5,129.4	35,032.2
Financial liabilities				
Investment contract liabilities	-	-	3,275.0	3,275.0
Total financial liabilities measured at fair value	-	-	3,275.0	3,275.0
At 31 December 2019 - Inflation adjusted				
Financial assets measured at fair value				
Investment and securities	21,237.6	-	2,754.8	23,992.4
Total financial assets measured at fair value	21,237.6	-	2,754.8	23,992.4
Financial liabilities				
Investment Contract liabilities	-	-	2,652.1	2,652.1
Total financial liabilities measured at fair value	-	-	2,652.1	2,652.1
At 31 December 2019 - Historical cost				
Financial assets measured at fair value				
Investment and securities	4,734.3	-	614.1	5,348.4
Total financial assets measured at fair value	4,734.3	-	614.1	5,348.4
Financial liabilities				
Investment Contract liabilities	-	-	591.2	591.2
Total financial liabilities measured at fair value	-	-	591.2	591.2

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

40 Group statement of financial position (cont'd)

40.2 Fair values of financial assets and liabilities (cont'd)

The movement in level 3 instruments for the year can be analysed as follows:

	Opening balance ZWLm	Gains/losses recognised in profit or loss ZWLm	Purchases and issues ZWLm	Sales and settlements ZWLm	Transfers into level 3 from other categories ZWLm	Transfers out of level 3 to other categories ZWLm	Closing balance ZWLm
At 31 December 2020 - Inflation adjusted							
Financial assets measured at fair value							
Designated (fair value through profit or loss)	2,754.8	1,637.5	737.1	-	-	-	5,129.4
Total financial assets measured at fair value	2,754.8	1,637.5	737.1	-	-	-	5,129.4
At 31 December 2019 - Inflation adjusted							
Designated (fair value through profit or loss)	2,631.9	1,827.6	586.7	-	-	(2,291.4)	2,754.8
Total financial assets measured at fair value	2,631.9	1,827.6	586.7	-	-	(2,291.4)	2,754.8
At 31 December 2020 - Historical cost							
Financial assets measured at fair value							
Designated (fair value through profit or loss)	614.1	4,023.9	491.4	-	-	-	5,129.4
Total financial assets measured at fair value	614.1	4,023.9	491.4	-	-	-	5,129.4
At 31 December 2019 - Historical cost							
Designated (fair value through profit or loss)	97.7	407.4	109.0	-	-	-	614.1
Total financial assets measured at fair value	97.7	407.4	109.0	-	-	-	614.1

Key inputs and assumptions used in the valuation models include discount rates and price earnings ratio. The table below sets out information about significant unobservable inputs used at year end in measuring financial instruments categorised as level 3:

Valuation Technique	Significant unobservable input	Average range of unobservable inputs
Discounted Cash flow (DCF)	Risk adjusted discount rate:	
	-Equity risk premium	22.86%
	-Nominal free risk rate	15.67%
	-Terminal growth rate	0%-3%
Price Earnings(PE)	PE ratio/multiple: Discount applied	
	-Country risk discount	20.0%-22.9%
	-Marketability discount	6.8%-17.4%
	-Size discount	20.0%-26.9%

Most unobservable inputs are based on USD parameters due to the instability in the value of the ZWL\$ and the need to use a stable valuation base.

Effect of changes in significant unobservable assumptions to reasonable possible alternatives

Favourable and unfavourable changes are determined on the basis of changes in the value of the financial asset or liability as a result of varying the levels of the unobservable parameters using statistical techniques. When parameters are not amenable to statistical analysis, quantification of uncertainty is judgemental. When the fair value of a financial asset or liability is affected by more than one unobservable assumption, the figures shown reflect the most favourable or most unfavourable change from varying the assumptions individually.

The valuations of the private equity investments are performed on an asset-by-asset basis using a valuation methodology appropriate to the specific investment and in line with industry guidelines. In determining the valuation of the investment the principal assumption used is the valuation multiples applied to the main financial indicators (such as adjusted earnings). The source of these multiples may include multiples for comparable listed companies which have been adjusted for discounts for non-tradability and valuation multiples earned on transactions in comparable sectors.

The valuations of asset-backed securities are determined by discounted cash flow models that generate the expected value of the asset, incorporating benchmark information on factors such as prepayment patterns, default rates, loss severities, and the historical performance of the underlying assets. The outputs from the models used are calibrated with reference to similar securities for which external market information is available.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

40 Group statement of financial position (cont'd)

40.2 Fair values of financial assets and liabilities (cont'd)

The following table summarises the significant inputs to value instruments categorised as Level 3 hierarchy in the Group's continuing businesses and their sensitivity to changes in the inputs used.

Types of financial instruments	31 December 2020 ZWLm	31 December 2019 ZWLm	Valuation Technique Used	Significant unobservable inputs	Sensitivity	
					31 December 2020 ZWLm	31 December 2019 ZWLm
Investments and securities	5,129.4	614.1	Market Approach Discounted Cash Flows	PE Multiple Cost of equity Terminal Growth rate	Favourable 523.2 Unfavourable (507.3)	Favourable 52.1 Unfavourable (47.2)

41 Financial risk management

The Group is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets, investment contracts with discretionary participating features, and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets may not be sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of financial risk are interest rate risk, liquidity risk, equity price risk, currency risk, and credit risk. These risks arise from open positions in interest rate (both fair value and cash flow interest rate risk) and equity products, all of which are exposed to general and specific market movements.

Financial risk management strategy and policy

The principal technique of the Group is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders as well as seeking to maximise the return on shareholders' funds, all within an acceptable risk framework.

The insurance contracts retain substantial exposures to the extent that the benefits payable to policyholders are not linked to the performance of the underlying assets. These exposures include duration risk, credit risk, and market risk. The notes below explain how financial risks are mitigated by the maintenance of sufficient capital.

Capital Adequacy

	2020 ZWLm	2019 ZWLm
Old Mutual Life Assurance Company Zimbabwe Limited (OMLAC)		
Shareholders equity	7,651.0	925.8
Regulatory capital adequacy requirement	75.0	75.0
-		
Central Africa Building Society (CABS)		
Shareholders equity	5,041.3	809.3
Regulatory Capital	5,385.7	665.3
Total risk weighted assets	15,938.3	2,573.2
Capital adequacy ratio	34%	26%
Regulatory capital adequacy ratio	12%	12%
Old Mutual Investment Group Zimbabwe (Private) Limited (OMIG)		
Shareholders equity	184.1	28.4
Regulatory capital adequacy requirement	161.6	6.0
Old Mutual Securities (Private) Limited (OMSEC)		
Shareholders equity	21.1	2.4
Regulatory capital adequacy requirement	10.8	0.2
RM Insurance Holdings Limited (RMI)		
Shareholders equity	838.2	160.6
Regulatory capital adequacy requirement	37.5	37.5
Old Mutual Finance(Private) Limited (OMFIN)		
Shareholders equity	1.1	8.5
Regulatory capital adequacy requirement	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

41 Financial risk management (cont'd)

OMLAC

OMLAC is regulated by the Insurance and Pensions Commission (IPEC). The internal capital adequacy requirement (CAR) has been calculated based on the Prudential Authority of South Africa's Financial Soundness Standards for Insurers' Solvency Assessment and Management (SAM) framework. This provides a buffer against future experience being worse than assumed, of which adverse investment experience is the most significant. For the Guaranteed Fund product into which the majority of policyholder funds are invested, the shareholder's support will only be called upon if the Bonus Smoothing Reserve falls below negative 15% of the liabilities after reducing surrender values in accordance with underlying asset values, reducing interim bonuses (if necessary to zero), declaring low or if necessary zero bonuses, and if the circumstances warrant it, removing part or all of previously declared non vested bonuses to the extent consistent with the Principles and Practices of Financial Management. The nature and extent of the action that would be taken will depend on the severity of the decline in asset values and the circumstances at that time.

The investment resilience CAR is the single most significant component of the OMLAC's CAR. The calculation of this component is based on the asset profile and the proportion of vested and non-vested liabilities.

CABS

The Society's lead regulator (Reserve Bank of Zimbabwe) sets and monitors capital requirements for the Society on a quarterly basis through quarterly BSD1 Returns. As at 31 December 2020, RBZ required the Society to maintain a minimum capital adequacy ratio of 12% as measured by the ratio of total capital to risk weighed assets; with effect from 31 December 2021 the required capital will increase to a minimum of the equivalent of US\$30 million.

OMIC

Securities and Exchange Commission (SEC) sets and monitors capital requirements for the company. The company met the regulatory requirements regarding capitalisation. The amount of the surplus available to be distributed to the shareholder, Old Mutual Zimbabwe Limited, is subject to available distributable reserves within the shareholders' equity and maintaining the minimum internal capital adequacy requirement.

OMSEC

The Securities Exchange Commission sets and monitors capital requirements for the company. The company met the regulatory requirements regarding capitalisation.

RMI

Old Mutual Insurance Company (OMICO), RMI's principal subsidiary, is regulated by the Insurance and Pensions Commission (IPEC) which sets and monitors capital requirements for the company. The company met the regulatory requirements regarding capitalisation.

OMFIN

The Reserve Bank of Zimbabwe (RBZ) sets and monitors capital requirements for the company. The company met the regulatory requirements regarding capitalisation.

Capital management policies

Capital is actively managed to ensure that the Group is properly capitalised and funded at all times, having regard to its regulatory needs, with appropriate risk adjusted margins to allow prudent management of capital levels under stress scenarios. The Group has a business planning process that runs on an annual cycle with regular updates to projections. It is through this process, which includes risk and sensitivity analysis of forecasts, that the Group's capital is managed.

Specifically, the Group has adopted the following capital management policies:

- Maintenance, as a minimum, of capital sufficient to meet the statutory requirements and such additional capital as management believes is necessary to ensure that obligations to policyholders and depositors can be met on a timely basis, including under stress scenarios.
- Maintenance of an appropriate level of liquidity at all times. The Group further ensures that it can meet its expected capital and financing needs at all times, having regard to the business plans, forecasts, and any strategic initiatives.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

41 Financial risk management (cont'd)

Insurance risks

The Group controls its exposures through underwriting and re-pricing procedures to determine whether cover can be provided and the pricing of such risk. Underwriting practice relies on regular review procedures to analyse actual loss and expense experience.

Equity price risk

Equity price risk is the potential loss arising from changes in the value of equity securities. The Group's investment portfolio consists of equity securities, fixed income assets, and property. A substantial part of the equity portfolio consists of listed counters. Non-listed investments are subjected to regular financial analysis and review, while exposure levels to listed counters are regularly reviewed.

Credit risk

Credit risk is the risk that an asset, in the form of a monetary claim against a counterparty, may not result in a cash receipt (or equivalent) in accordance with the terms of a contract.

The Group is exposed to credit risk through its money market investments, cash and cash equivalents and loans and advances. Credit risk is managed by placing limits on exposure to a single counterparty or Groups of counterparties. These limits are based on credit ratings of the counterparties conducted within the various operating companies. Credit risk is monitored with reference to credit ratings with limits placed on exposure where credit risk is below acceptable levels and through holding security from the counterparty.

Credit risk associated with property rentals is managed through a credit vetting process, the requirement for rental deposits, and close monitoring of the tenants' book.

	Inflation adjusted audited		Historical cost unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
Overall credit risk				
Short term funds and securities	4,359.1	3,596.4	4,359.1	801.7
Reinsurers' share of insurance contract provisions	217.1	377.7	217.1	54.4
Cash and cash equivalents	7,386.4	7,659.7	7,386.4	1,707.5
	11,962.6	11,633.8	11,962.6	2,563.6

Exposure to credit risk

Carrying amount

	Loans and advances			
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
Impaired				
Gross amount	7,645.4	6,941.9	7,645.4	1,547.5
Allowance for impairment	(556.4)	(260.2)	(556.4)	(58.0)
Carrying amount	7,089.0	6,681.7	7,089.0	1,489.5

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s).

Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

41 Financial risk management (cont'd)

Exposure to counterparties

The Group is also exposed to counterparties arising from money market trading.

Loans and Advances Renegotiated

Restructuring of loans include extended repayment arrangements, modifications, and deferral of repayments. Restructuring policies and practices are based on indicators and criteria that in the judgement of management, indicate that repayments will most likely continue. These policies are kept under continuous review.

Allowances for impairment

The Group establishes an allowance for impairment based on the class of each loan and in line with IFRS 9 and the Reserve Bank of Zimbabwe guideline on provisions.

Write off policy

The Group writes off a loan when the Credit Committee determines that the loans/securities are uncollectible. The determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Collateral

The Group holds collateral against loans and advances to customers in the form of mortgage interest over property. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

The Group holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

	31 December 2020	Principal type of collateral held
Collateral held and other credit enhancements		
Percentage of exposure subject to collateral requirements		
Type of credit exposure		
Treasury Bills	0%	None
Fixed deposits*	100%	Treasury Bills
Mortgage loans	100%	Property
Corporate loans	100%	Property and guarantees
Consumer loans	85%	Insurance

*Relates to CABS. Other Group subsidiaries' exposure is managed through setting and regular review of limits on counterparties.

The Group's policy is to pursue timely realisation of the collateral in an orderly manner. The Group does not generally use the non-cash collateral for its own operations.

Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed. The Group charges the maximum lending rate for all parties who fail to honour their obligations on time. Settlement risk is also monitored through risk assessment of counterparties and capping of trading limits in line with the risk profile of each institution.

Regulatory Loan Loss Provisioning

Provisioning is determined on the basis of account classification whereby provisions are uniformly determined for specific grades. The Society establishes an allowance for impairment based on the class of each loan and in line with the RBZ guidelines on provisions. The provisioning methodology is summarised below:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

41 Financial risk management (cont'd)

31 December 2020- Inflation adjusted

Class	Type	Provisioning criteria	Gross loans ZWLm	Allowance for impairment ZWLm	Net loans ZWLm
Grade A,B,C	Pass	1-2% general provision	6,062.7	133.0	5,929.7
Grade D,E,F,G	Special mention	3-10% general provision	1,552.6	103.7	1,448.9
Grade H	Sub standard	20% specific provision on balance less security value	3.5	2.9	0.6
Grade I	Doubtful	50% of total outstanding balance less security value	7.2	6.3	0.9
Default	Loss	100% of total outstanding balance less security held	19.4	15.6	3.8
Portfolio total			7,645.4	261.5	7,383.9

31 December 2019

Grade A,B,C	Pass	1-2% general provision	5,688.6	127.9	5,560.7
Grade D,E,F,G	Special mention	3-10% general provision	1,108.6	51.3	1,057.3
Grade H	Sub standard	20% specific provision on balance less security value	15.5	7.6	7.9
Grade I	Doubtful	50% of total outstanding balance less security value	20.6	12.9	7.7
Default	Loss	100% of total outstanding balance less security held	108.6	60.7	47.9
Portfolio total			6,941.9	260.4	6,681.5

31 December 2020 - Historical cost

Grade A,B,C	Pass	1-2% general provision	6,062.7	133.0	5,929.7
Grade D,E,F,G	Special mention	3-10% general provision	1,552.6	103.7	1,448.9
Grade H	Sub standard	20% specific provision on balance less security value	3.5	2.9	0.6
Grade I	Doubtful	50% of total outstanding balance less security value	7.2	6.3	0.9
Default	Loss	100% of total outstanding balance less security held	19.4	15.6	3.8
Portfolio total			7,645.4	261.5	7,383.9

31 December 2019

Grade A,B,C	Pass	1-2% general provision	1,268.1	28.5	1,239.6
Grade D,E,F,G	Special mention	3-10% general provision	247.1	11.4	235.7
Grade H	Sub standard	20% specific provision on balance less security value	3.5	1.7	1.8
Grade I	Doubtful	50% of total outstanding balance less security value	4.6	2.9	1.7
Default	Loss	100% of total outstanding balance less security held	24.2	13.5	10.7
Portfolio total			1,547.5	58.0	1,489.5

The Group also takes into account provisions requirement of IFRS 9 (Financial Instruments) and makes the most prudent provisions for its loans and advances based on the two methods. Where the regulatory provisions are higher than the IFRS 9 impairment, the excess is treated as an appropriation from retained earnings.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

41 Financial risk management (cont'd)

Currency risk

The Group has exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. To the extent possible, exchange rate risk on foreign payables is mitigated by generating business which earns foreign currency.

The table below shows the Group's exposure to foreign currency exchange risk.

	USD	ZAR	GBP	EURO	BWP	Total - ZWLm
At 31 December 2020						
Cash and cash equivalents	16.6	2.6	0.3	1.5	0.7	1,555.9
At 31 December 2019						
Cash and cash equivalents	17.0	14.1	1.3	1.2	0.1	353.3

The table below shows the Group's closing exchange rates which were used in the financial statements.

	USD	ZAR	GBP	EURO	BWP
At 31 December 2020	81.7866	5.5865	111.8345	100.4123	7.5738
At 31 December 2019	16.7743	1.1900	22.0000	18.8100	1.5800

Foreign currency risk

The Group has settlement exposure to foreign suppliers and creditors as well as related parties who require payments to be made in foreign currency. Ability to settle is constrained by exchange control restrictions as well as the unavailability of nostro funding.

	2020 ZWLm	2019 ZWLm
Foreign liabilities		
Life Assurance	80.4	77.1
General Insurance	0.1	6.7
Banking	3,153.9	1,510.0
Holding Company and other	7,257.6	303.5
	10,492.0	1,897.3
Of the amount disclosed above, the exposure to fellow Group companies was:	7,297.6	163.1

Interest rate risk

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the Group's earnings and the value of its assets, liabilities, and capital.

The individual life and employee benefits businesses have due regard to the nature of the liabilities. The interest rate risk of such liabilities is managed by investing in available assets to ensure matching of current liabilities. Derivative instruments are not used to manage the interest rate risk of these long term assets and liabilities.

Interest rate risk represents the price sensitivity of a fixed income security or interest-carrying asset to changes in interest rates. This risk is controlled by careful monitoring of the level of interest-bearing investments.

The tables below set out the carrying amounts, by maturity, of the Group's financial instruments that are exposed to interest rate risk.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

41 Financial risk management (cont'd)

Repricing profile of financial assets and liabilities (including insurance) exposed to interest rate risk:

	0 to 3 months ZWLm	3 to 12 months ZWLm	Over a year ZWLm	Total ZWLm
Inflation adjusted/Historical cost 2020				
Money market investments	2,255.7	1,647.6	448.5	4,351.8
Loans and advances	1,327.4	2,122.2	4,195.8	7,645.4
	3,583.1	3,769.8	4,644.3	11,997.2
	Low and high density housing ZWLm	Individuals ZWLm	Commercial and industrial ZWLm	Total ZWLm
Loans and advances-Concentration-Gross	428.7	628.9	6,587.8	7,645.4
	0 to 3 months ZWLm	3 to 12 months ZWLm	Over a year ZWLm	Total ZWLm
Inflation adjusted 2019				
Money market investments	1,450.0	977.0	1,065.0	3,492.0
Loans and advances	889.0	1,832.0	4,220.9	6,941.9
	2,339.0	2,809.0	5,285.9	10,433.9
	Low and high density housing ZWLm	Individuals ZWLm	Commercial and industrial ZWLm	Total ZWLm
Loans and advances-Concentration-Gross	1,045.0	982.0	4,914.9	6,941.9
	0 to 3 months ZWLm	3 to 12 months ZWLm	Over a year ZWLm	Total ZWLm
Historical cost 2019				
Money market investments	323.2	217.8	237.4	778.4
Loans and advances	198.2	408.4	940.9	1,547.5
	521.4	626.2	1,178.3	2,325.9
	Low and high density housing ZWLm	Individuals ZWLm	Commercial and industrial ZWLm	Total ZWLm
Loans and advances-Concentration-Gross	233.0	218.8	1,095.7	1,547.5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

41 Financial risk management (cont'd)

Liquidity risk

Liquidity risk is the risk that cash may not be available at a reasonable cost to pay obligations when due. The tables below set out the carrying amounts, by maturity, of the Group's financial instruments that are exposed to liquidity risk.

Maturity profile of financial assets and liabilities exposed to liquidity risk:

	0 to 3 months ZWLm	3 to 12 months ZWLm	Over a year ZWLm	Total ZWLm
Inflation adjusted - 2020				
Cash & cash equivalents	7,386.4	-	-	7,386.4
Investments and securities	4,709.9	8,238.0	26,436.4	39,384.3
Loans and advances	1,327.4	2,122.2	3,639.4	7,089.0
Insurance contract liabilities	(941.8)	(6,002.2)	(40,595.6)	(47,539.6)
Amounts owed to bank depositors	(12,918.5)	(7.7)	(111.0)	(13,037.2)
Credit lines	(637.5)	(2,266.5)	(249.9)	(3,153.9)
Other liabilities	-	(2,332.0)	(40.6)	(2,372.6)
	(1,074.1)	(248.2)	(10,921.3)	(12,243.6)
Historical cost - 2020				
Cash & cash equivalents	7,386.4	-	-	7,386.4
Investments and securities	4,709.9	8,238.0	26,436.4	39,384.3
Loans and advances	1,327.4	2,122.2	3,639.4	7,089.0
Insurance contract liabilities	(941.8)	(6,002.2)	(40,487.0)	(47,431.0)
Amounts owed to bank depositors	(12,918.5)	(7.7)	(111.0)	(13,037.2)
Credit lines	(637.5)	(2,266.5)	(249.9)	(3,153.9)
Other liabilities	-	(1,730.9)	(40.6)	(1,771.5)
	(1,074.1)	352.9	(10,812.7)	(11,533.9)
Inflation adjusted -2019				
Cash & cash equivalents	7,659.7	-	-	7,659.7
Investments and securities	3,742.0	5,014.0	18,728.2	27,484.2
Loans and advances	889.0	1,832.0	3,960.7	6,681.7
Insurance contract liabilities	(1,109.4)	(3,228.5)	(33,571.1)	(37,909.0)
Amounts owed to bank depositors	(9,976.6)	(1,034.1)	(480.4)	(11,491.1)
Credit lines	(627.4)	(961.2)	(2,437.9)	(4,026.5)
Other liabilities	(280.4)	(1,182.9)	(1,379.0)	(2,842.3)
	296.9	439.3	(15,179.5)	(14,443.3)
Historical cost - 2019				
Cash & cash equivalents	1,707.5	-	-	1,707.5
Investments and securities	834.2	1,117.8	4,174.8	6,126.8
Loans and advances	198.2	408.4	882.9	1,489.5
Insurance contract liabilities	(247.3)	(719.7)	(7,334.8)	(8,301.8)
Amounts owed to bank depositors	(2,224.0)	(230.5)	(107.1)	(2,561.6)
Credit lines	(139.9)	(214.3)	(543.4)	(897.6)
Other liabilities	(62.5)	(263.7)	(33.1)	(359.3)
	66.2	98.0	(2,960.7)	(2,796.5)

Investments and securities noted above also include listed equities as they are easily convertible to cash.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

41 Financial risk management (cont'd)

Management of liquidity risk

The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The daily liquidity position of the Group is managed by the treasury department in liaison with the relevant management.

Liquidity gap

The Liquidity gap is the difference between assets and liabilities in a given maturity period.

The banking business manages its contractual liquidity gap through treasury operations to acquire deposits of suitable tenor and price from the market. As a contingency, the Group has also entered into liquidity support arrangements with suitable counter parties, to which it has ready access, in need.

Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and short term dealing and investment securities for which there is an active and liquid market less any deposits from banks, other borrowing, and liabilities maturing within the same short term period. Details of this ratio are given below:

	2020	2019
Liquidity ratio (CABS)	64%	41%
Regulatory Minimum (CABS)	30%	30%

The banking business monitors liquidity risk by compliance with liquidity regulations of the Building Societies Act (Chapter 24:02) as well as submission of monthly liquidity returns to the Reserve Bank of Zimbabwe (RBZ). In addition, the Group matches long term lending to inflows into long term investments, and this is monitored through the Risk Management Committee.

Sensitivity analysis

A 15 percent movement of the listed equities as at 31 December 2020 would have changed equities by ZWL4.5 billion and profit by ZWL1.2billion on the historical cost basis. The movement would represent a 32% impact on profit and 12% impact on equity . This analysis assumes that all other variables remain constant.

A 5 percent change of interest rates as at 31 December 2020 would have reduced equity and profit by ZWL113.3 million. The movement would represent a 4% impact on profit and 5% impact on equity on the historical cost basis. This analysis assumes that all other variables remain constant.

42 Insurance risk management

The Group assumes insurance risk by issuing insurance contracts, under which the Group agrees to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affecting the policyholder occurs. Insurance risk includes mortality risk.

For accounting purposes, insurance risk is defined as risk other than financial risk. Contracts issued by the Group may include both insurance and financial risk; contracts with significant insurance risk are classified as insurance contracts, while contracts with no or insignificant insurance risk are classified as investment contracts. The Group's approach to financial risk management has been described in Note 41.

Risk management objectives and policies for mitigating insurance risk

The Group effectively manages its insurance risks through the following mechanisms:

- Actuarial models, which use past experience and statistical models to calculate premiums and monitor claim patterns.
- Guidelines for concluding insurance contracts and assuming insurance risks. These include underwriting principles and product pricing procedures.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

42 Insurance risk management (cont'd)

- The mix of assets, which is driven by the economic environment. The management of assets and liabilities is closely monitored to ensure that there are sufficient interest bearing assets to settle liabilities.

Terms and conditions of insurance contracts

The terms and conditions attached to insurance contracts determine the level of insurance risk accepted by the Group. The following tables outline the general form of terms and conditions that apply to contracts sold in each category of business and the nature of the risk incurred.

Category	Essential terms	Main risks	Policyholders guarantees	Policyholder participation investment returns
Employee Benefits Group life assurance	Rates are annually renewable	Mortality	No significant guarantees	None
With-profit annuity	Regular benefit payments participating in profits in return for consideration	Longevity Investment	Underlying pricing interest rate is guaranteed. Declared bonuses cannot be reduced	Yes, see below
Retail Life Plan	Premium rates are guaranteed but reviewable for new business	Mortality	Sum assured is guaranteed	None
Funeral Plan	Premium rates are guaranteed but reviewable for new business	Mortality	Sum assured is guaranteed	None
General Insurance Property insurance	Rates are reviewed at renewal depending on loss ratio	Accidental damage or loss of the insured property	Sum insured	None
Liability policies	Rates are reviewed at renewal	Legal liability accidentally arising from normal operations	Limit of liability / sum insured	None

The extent of the Group's discretion as to the allocation of investment return to policyholders varies based on the type of contract. Where the contracts are pure risk type, there is no sharing of investment returns. For other contracts, investment return is attributed to the policyholder. Declared bonuses may be either vesting and/or non-vesting (in which case they can be reversed).

Smoothed bonus products constitute a significant proportion of the business. Particular attention is paid by ensuring that the declaration of bonuses is done in a responsible manner, such that sufficient reserves are retained for bonus smoothing purposes. Investment returns not distributed after deducting charges are credited to bonus stabilisation reserves, which are used to support subsequent bonus declarations.

In addition to the specified risks identified above, the Group is subject to the risk that policyholders discontinue the insurance policy through lapse or surrender.

Management of insurance risks

The table below summarises the variety of risks to which the Group is exposed and the methods by which it seeks to mitigate these risks.

Risks	Definition	Risk management
Underwriting	Misalignment of policyholders to the appropriate pricing basis or impact of anti-selection, resulting in a loss.	Experience is closely monitored. Underwriting limits, health requirements, spread of risks, and training of underwriters all mitigate the risk.
Catastrophe	Natural and non-natural disasters could result in increased mortality risk and payouts on policies.	Catastrophe excess of loss re-insurance treaty covers all claims from one incident occurring within a specified period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

42 Insurance risk management (cont'd)

Summary of key valuation assumptions (statutory basis)

Management of insurance risks (cont'd)

Below are the key actuarial valuation assumptions per product

Product		2020	2019
Old Mutual Funeral Plan	Expense inflation	4.00%	4.00%
	Effective interest rate for assurance	6.50%	6.50%
	Mortality basis	Zim92	Zim92
	Renewal costs per annum	ZWL20.80	ZWL20.00
	Lapse rates		
	Year 1	80.00%	80.00%
	Year 2	40.00%	40.00%
Old Mutual Life Plan	Expense inflation	4.00%	4.00%
	Effective interest rate for assurance	6.50%	6.50%
	Mortality basis	Zim92	Zim92
	Renewal costs per month	ZWL1,530.45	ZWL183.51
	Lapse rates		
	Late rate:		
	Year 1	40.00%	40.00%
Year 2	20.00%	20.00%	
Savings Plan	Expense inflation	4.00%	4.00%
	Mortality basis	Zim92	Zim92
	Renewal Costs per month-premium paying	ZWL1,626.00	ZWL194.98
	Renewal Costs per month-premium paid up	ZWL1,626.00	ZWL194.98
	Late rate:		
	Year 1	20.00%	20.00%
	Surrender rate:		
Year 2	10.00%	10.00%	
Year 3	10.00%	10.00%	
Year 4+	10.00%	10.00%	
Old Mutual Term Plan	Expense inflation	4.00%	4.00%
	Effective interest rate per annum	6.50%	6.50%
	Mortality basis	Zim92	Zim92
	Renewal costs per month	ZWL1,626.00	ZWL183.51
	Lapse rates		
	Year 1	40.00%	40.00%
	Year 2	20.00%	20.00%
Year 3	10.00%	10.00%	
Year 4+	2.00%	2.00%	
Pension Plus			
Pension Plus interest rate			
Mortality	a(90)	a(90)	
Valuation interest rate per annum	5.90%	5.90%	
Standard Pension Plus after-retirement interest rate	3.50%	3.50%	
Special Dispensation Pension Plus after-retirement interest rate	2.50%	2.50%	
Administration fee-per policy per annum	ZWL48	ZWL48	
GLA IBNR reserves			
	2020	85% of premiums earned in the last 2.8 months	
	2019	85% of premiums earned in the last 2.8 months	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

42 Insurance risk management (cont'd)

Statement of impact of assumptions change 2020

Expenses: At the end of 2020, an increase in the expense assumption was made in order to better reflect the impact of hyperinflation on the business's operating expenses. The net increase in reserves due to the expense assumption change amounted to ZWL184,915,247.

Non-economic: In order to offer improved value to Funeral Plan policyholders, given the impacts of hyperinflation on the real value of the sums assured, a decision was taken to make the policies paid up and to convert them to 10-year endowments. The policies will now pay the sum assured on maturity or on earlier death. The net increase in liabilities due to this change amounted to ZWL12,097,660.

Sensitivity analysis on assumption changes

No sensitivity analysis was included due to the level of volatility of economic variables in the Zimbabwean economy.

43 Investment property

	Inflation adjusted Audited		Historical Cost Unaudited	
	Company 2020 ZWLm	Company 2019 ZWLm	Company 2020 ZWLm	Company 2019 ZWLm
Company				
Carrying amount at beginning of year	45.1	16.7	10.1	0.6
Disposal	(32.7)	-	(19.1)	-
Net gain from fair value adjustments	12.1	28.4	33.5	9.5
Carrying amount at end of year	24.5	45.1	24.5	10.1
Comprising:				
Freehold property	24.5	45.1	24.5	10.1

The fair value of freehold property leased to third parties under operating leases is ZWL24.5 million.

The carrying amount of investment property is the fair value of property as determined annually by internal professional valuers, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values are determined by having regard to recent market transactions for similar properties in the same location as the investment property. The Company's current lease arrangements, which are entered into on an arm's length basis and which are comparable to those for similar properties in the same location, are taken into account. Investment properties, being residential, were fair valued using the Comparison Approach. The fair value of the Company's properties are categorised into Level 2 of the fair value hierarchy (quoted prices of similar assets).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

44 Investment in subsidiary companies

	Number of issued ordinary & preference shares	% interest	Inflation adjusted Audited 2020 Carrying value of shares ZWLm	Historical Cost Unaudited 2020 Carrying value of shares ZWLm
Total				
Unlisted - subsidiaries				
Old Mutual Life Assurance Company Zimbabwe Limited	13 184 355	100%	1,608.9	40.6
Central Africa Building Society	15 000 000	100%	826.3	20.9
Old Mutual Investment Group Zimbabwe (Private) Limited	10 000	100%	214.2	39.8
Old Mutual Securities (Private) Limited	167	100%	21.8	15.7
RM Insurance Holdings Limited	940 520	58.63%	154.4	8.2
Old Mutual (Zimbabwe) Foundation Trust	100	100%	-	-
Capital Growth Investment Trust	10 000	100%	-	-
MCZ (Private) Limited T/A Old Mutual International Services Organisation	10 000 783	70%	-	-
			2,825.6	125.2

All the above companies have a year end of 31 December and their financial results have been incorporated and are included in the Group financial statements from the effective date that the Group controls the entity.

The non-controlling interests share of profit for the financial year has been calculated on the basis of the Group's effective ownership in RM Insurance Holdings Limited. The principal subsidiary where a non-controlling interest exists is the Group's Short term insurance business in Zimbabwe.

	Number of issued ordinary & preference shares	% interest	Inflation adjusted Audited 2019 Carrying value of shares ZWLm	Historical Cost Unaudited 2019 Carrying value of shares ZWLm
Total				
Unlisted - subsidiaries				
Old Mutual Life Assurance Company Zimbabwe Limited	13 184 355	100%	1,608.9	40.6
Central Africa Building Society	15 000 000	100%	826.3	20.9
Old Mutual Investment Group Zimbabwe (Private) Limited	100	100%	214.1	39.9
Three Anchor Investments (Private) Limited T/A Old Mutual Custodial Services	1 200	100%	126.0	3.2
Old Mutual (Zimbabwe) Foundation Trust	100	100%	-	-
Capital Growth Investment Trust	10 000	100%	-	-
Old Mutual Property Zimbabwe (Pvt) Ltd	100	100%	264.2	8.4
Old Mutual Securities (Private) Limited	167	70%	98.1	4.4
Old Mutual Shared Services (Private) Limited	602	100%	517.8	56.7
MCZ (Private) Limited T/A Old Mutual International Services Organisation	10 000 783	70%	-	-
RM Insurance Holdings Limited	940 520	50.67%	154.4	8.2
Old Mutual Finance (Private) Limited	10 000	100%	188.9	12.0
			3,998.7	194.3

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

44 Investment in subsidiary companies (cont'd)

The non-controlling interests share of profit for the financial year has been calculated on the basis of the Group's effective ownership in RM Insurance Holdings Limited and Old Mutual Securities (Private) Limited, being the principal subsidiaries where non-controlling interests exist.

45. Property and equipment

Company	Right of Use Asset ZWLm	Motor vehicles ZWLm	Computer equipment ZWLm	Fixtures & fittings ZWLm	Total ZWLm
Inflation adjusted 2020					
Carrying amount at beginning of year	0.9	9.9	2.2	0.8	13.8
Additions	0.3	17.9	134.3	134.3	286.8
Disposals	-	(6.8)	(0.1)	(0.1)	(7.0)
Depreciation charge for the year	(1.2)	(3.1)	(11.8)	(23.9)	(40.0)
Carrying amount at end of year	-	17.9	124.6	111.1	253.6
Cost/Valuation	1.2	30.5	137.0	135.7	304.4
Accumulated depreciation	(1.2)	(12.6)	(12.4)	(24.6)	(50.8)
Carrying amount at end of year	-	17.9	124.6	111.1	253.6
Inflation adjusted - 2019					
Carrying amount at beginning of year	-	0.9	0.4	-	1.3
Additions	1.8	9.9	2.2	0.8	14.7
Depreciation charge for the year	(0.9)	(0.9)	(0.4)	-	(2.2)
Carrying amount at end of year	0.9	9.9	2.2	0.8	13.8
Cost/Valuation	1.8	21.6	3.1	1.2	27.7
Accumulated depreciation	(0.9)	(11.7)	(0.9)	(0.4)	(13.9)
Carrying amount at end of year	0.9	9.9	2.2	0.8	13.8
Historical cost 2020					
Carrying amount at beginning of year	0.2	0.9	0.2	0.1	1.4
Additions	0.3	14.0	3.7	42.3	60.3
Disposals	-	(0.7)	-	-	(0.7)
Depreciation charge for the year	(0.5)	(0.9)	(0.4)	(6.2)	(8.0)
Carrying amount at end of year	-	13.3	3.5	36.2	53.0
Cost/Valuation	0.7	14.2	3.9	42.7	61.5
Accumulated depreciation	(0.7)	(0.9)	(0.4)	(6.5)	(8.5)
Carrying amount at end of year	-	13.3	3.5	36.2	53.0
Historical cost - 2019					
Carrying amount at beginning of year	-	0.1	-	-	0.1
Additions	0.4	0.9	0.2	0.1	1.6
Depreciation charge for the year	(0.2)	(0.1)	-	-	(0.3)
Carrying amount at end of year	0.2	0.9	0.2	0.1	1.4
Cost/Valuation	0.4	1.0	0.2	0.3	1.9
Accumulated depreciation	(0.2)	(0.1)	-	(0.2)	(0.5)
Carrying amount at end of year	0.2	0.9	0.2	0.1	1.4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2020

46 Investments and securities

	Inflation adjusted Audited		Historical Cost Unaudited	
	Company 2020 ZWLm	Company 2019 ZWLm	Company 2020 ZWLm	Company 2019 ZWLm
46.1 Analysis of investments				
At fair value through profit or loss				
Equity securities (see analysis in Note 46.2 below)	1,620.4	1,307.5	1,620.4	291.5
Unit trusts	6.1	16.7	6.1	3.7
At amortised cost		-		
Debentures	1.1	3.7	1.1	0.8
Deposits and money market securities	3.2	14.0	3.2	3.1
	1,630.8	1,341.9	1,630.8	299.1
46.2 Spread of equity securities by sector				
At fair value through profit or loss				
Commodities	123.5	98.3	123.5	21.9
Consumer	556.4	491.0	556.4	109.5
Financial	572.3	465.5	572.3	103.8
Properties	24.5	28.8	24.5	6.4
Manufacturing	175.8	102.7	175.8	22.9
Mining	0.9	0.7	0.9	0.1
Unlisted	167.0	120.5	167.0	26.9
	1,620.4	1,307.5	1,620.4	291.5
46.3 Movements of investment and securities				
Opening balance	1,341.9	7,662.4	299.1	274.9
Fair value movements through profit and loss	550.2	(6,109.5)	1,218.5	67.3
Additions	521.3	170.3	339.0	6.6
Disposals	(782.6)	(381.3)	(225.8)	(49.7)
	1,630.8	1,341.9	1,630.8	299.1

Unquoted equities included in investments were valued at fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

47 Amounts due by or (to) Group companies

Company	Inflation adjusted/ Historical cost		Inflation adjusted		Historical cost	
	2020	2020	2019	2019	2019	2019
	ZWLm Due by	ZWLm Due to	ZWLm Due by	ZWLm Due to	ZWLm Due by	ZWLm Due to
Old Mutual Life Assurance Company Zimbabwe Limited	15.9	-	0.9	-	0.2	-
Old Mutual Zimbabwe Holdco Limited	-	(2,636.5)	-	(207.8)	-	(46.3)
Old Mutual Investment Group Zimbabwe (Private) Limited	12.2	-	0.1	-	-	-
Old Mutual (Zimbabwe) Foundation Trust	0.3	-	10.4	-	2.3	-
Old Mutual Securities (Private) Limited	-	(4.5)	4.5	-	1.0	-
Old Mutual Shared Services (Private) Limited	-	-	10.8	-	2.4	-
Old Mutual Properties (Private) Limited	-	-	9.4	-	2.1	-
Old Mutual Insurance Company (Private) Limited	1.0	-	-	-	-	-
CABS Custodial Services (Private) Limited	-	-	-	(0.2)	-	(0.1)
Central Africa Building Society	29.2	-	3.5	-	0.8	-
Old Mutual Finance (U.K) Plc	-	(4,089.3)	-	(48.1)	-	(10.7)
The OMZIL Client Pension Exgratia Trust	5.5	-	19.5	(36.6)	4.4	(8.2)
The OMZIL Indigenisation Employee Share Trust	-	(0.6)	0.8	(60.5)	0.2	(13.5)
The OMZIL Management Incentive Share Trust	-	(1.4)	-	(45.1)	-	(10.1)
Old Mutual Finance (Private) Limited	9.2	-	-	(9.9)	-	(2.1)
Old Mutual Life Assurance Company SA Limited	-	(302.2)	0.3	(15.4)	-	(3.4)
Frittlewell	0.1	-	0.4	-	0.1	-
Dividend Access Trust	0.2	-	2.2	-	0.5	-
RMIH	-	-	1.3	-	0.3	-
Old Mutual Africa	-	(66.0)	-	-	-	-
	73.6	(7,100.5)	64.1	(423.6)	14.3	(94.4)

The amounts due by or to Group companies above are payable on demand.

	Inflation adjusted/ Historical cost 2020 ZWLm	Company Inflation adjusted 2019 ZWLm	Historical cost 2019 ZWLm
48 Other assets			
Legacy debt receivable	6,715.5	-	-
Dividend receivable	4.1	-	-
Other	30.2	114.5	25.5
	6,749.8	114.5	25.5
49 Cash and cash equivalents			
Cash at bank and on hand	108.9	143.9	32.1
	108.9	143.9	32.1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

50 Share-based payments

	Inflation adjusted/ Historical cost 2020 ZWLm	Company Inflation adjusted 2019 ZWLm	Historical cost 2019 ZWLm
50.1 Indigenisation Transactions			
Costs associated with Indigenisation transaction			
Employee Share Scheme	-	-	-
Management Incentive Scheme	-	0.1	-
	-	0.1	-

Movements relating to the share awards during the year are as follows:

OMZIL Management Incentive Scheme

Opening balance of shares	-	0.2
Exercised during the year	-	(0.2)
Closing balance of shares	-	-

50.2 Share based payments reserve

The equity share-based payment reserve is maintained in the Company from the date of issue of the share awards. On exercise of the share awards, settlement will be made through the structured entities controlled by Old Mutual Zimbabwe Limited.

The movement of the reserve during the reporting period is included in the statement of changes in equity.

50.3 Cash-settled share-based employee compensation plans

Broad Based Employee Share Plan (BBESP)

In 2018, the Group granted share awards to all eligible employees as part of the primary listing of Old Mutual Limited on the Johannesburg Stock Exchange (JSE). All permanent employees of the Group on the date of listing of Old Mutual Limited were eligible to participate, provided that they were still permanently employed by the Group on the grant date of 18 September 2018.

All participants received a fixed Rand value offer of R10 000 converted into the local currency after reducing the award by the amount needed to cover the tax liability on the award for each employee in compliance with tax legislation which states that share awards are taxable on grant. The actual number of shares granted to each employee was calculated on the grant date using the price of the Old Mutual Limited share on the JSE.

The BBESP award was restricted for a period of two years from the grant date. Participants were entitled to receive dividends in respect of the share awards during the restricted period. At the end of the restricted period, the value of the vested share awards would be paid in cash to the participants. The BBESP awards were not subject to performance conditions, however, the Award was subject to the condition that participants remain employed by the Group during the restricted period.

The balance of the liability at the end of reporting period was as below:

	Company December 2020 ZWLm	Company December 2019 ZWLm
Broad Based Employee Share Plan	-	-
	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

50 Share-based payments (cont'd)

50.3 Cash-settled share-based employee compensation plans (cont'd)

The fair value of services received in return for the BBESP was measured by reference to the fair value of share entitlements granted over the service period. The fair value was measured using the closing price of the Old Mutual Limited share on the JSE at each reporting date. The cash-settled share based payment liability was maintained in the Group and remeasured at each balance sheet date during the period up to exercise of the share options, with changes in fair value recorded in profit or loss.

Movements relating to share entitlements and awards during the year are as follows:

	2020 Number of shares	2019 Number of shares
Deferred delivery entitlements		
Outstanding, at beginning of year	1,873	395
Issued during the year	-	150
Transfer in	-	1,625
Forfeited during the year	(1,873)	(297)
Outstanding at end of year	-	1,873

All the outstanding shares vested in September 2020 at the completion of the restricted period and the participants were settled in cash, the value of the shares, on the vesting date, per the vesting conditions. The share price of the Old Mutual Limited share on the JSE was applied to the total shares held by each participant. The share scheme was wound up upon settlement of the outstanding obligations.

51 Provisions

Company	Employee related provisions ZWLm	Other ZWLm	Total ZWLm
Inflation adjusted			
2020			
Balance at beginning of year	16.4	8.0	24.4
Amount utilised	(17.5)	(16.1)	(33.6)
Charge	29.2	20.4	49.6
Balance at end of year	28.1	12.3	40.4
2019			
Balance at beginning of year	9.7	1.1	10.8
Amount utilised	(22.2)	(7.2)	(29.4)
Charge	28.9	14.1	43.0
Balance at end of year	16.4	8.0	24.4
Historical cost 2020			
Balance at beginning of year	3.6	1.8	5.4
Amount utilised	(4.7)	(9.9)	(14.6)
Charge	29.2	20.4	49.6
Balance at end of year	28.1	12.3	40.4
2019			
Balance at beginning of year	0.3	0.1	0.4
Amount utilised	(0.4)	(1.4)	(1.8)
Charge	3.7	3.1	6.8
Balance at end of year	3.6	1.8	5.4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2020

	At beginning 2020 ZWLm	Income statement charge ZWLm	At end 2020 ZWLm	
52 Deferred tax liabilities - Inflation adjusted (audited)				
Company				
Deferred tax liability				
Fair value adjustments	18.3	56.3	74.6	
	18.3	56.3	74.6	
Analysis of deferred tax- capital gains			74.6	
	At beginning 2019	Income statement charge	At end 2019	
Deferred tax liability				
Fair value adjustments	82.5	(64.2)	18.3	
	82.5	(64.2)	18.3	
Analysis of deferred tax - capital gains			18.3	
Deferred tax liabilities - Historical				
Deferred tax liability				
Fair value adjustments	3.7	7.5	11.2	
	3.7	7.5	11.2	
Capital gains			11.2	
	At beginning 2019	Income statement charge	At end 2019	
Deferred tax liability				
Fair value adjustments	3.0	0.7	3.7	
	3.0	0.7	3.7	
Capital gains			3.7	
53 Other payables	2020 Inflation adjusted ZWLm	2019 Inflation adjusted ZWLm	2020 Historical cost ZWLm	2019 Historical cost ZWLm
Dividend payable	25.4	113.9	25.4	25.4
Kurera-Ukondla Fund	7.7	34.8	7.7	7.7
Other liabilities	43.9	285.3	43.9	63.7
	77.0	434.0	77.0	96.8
54 Share capital and premium				
Authorised share capital	ZWL	ZWL	ZWL	ZWL
292 953 125 ordinary shares of ZWL0.0000032 each	36,999	36,999	937	937
249 035 156 'A' class ordinary shares of ZWL0.0000032 each	31,471	31,471	797	797
83 011 718 'B' class ordinary shares of ZWL0.0000032 each	10,543	10,543	267	267
1 preference share of ZWL1 each	39	39	1	1
1 A preference share of ZWL1 each	39	39	1	1
Issued share capital				
249 035 156 'A' class ordinary shares of ZWL0.0000032 each	31,471	31,471	797	797
83 011 718 'B' class ordinary shares of ZWL0.0000032 each	10,543	10,543	267	267
1 preference share of ZWL1 each	39	39	1	1
1 A preference share of ZWL1 each	39	39	1	1
	42 092	42 092	1 066	1 066

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

54 Share capital and premium (cont'd)

Subject to the limitations imposed by the Companies Act, the Articles of Association permit the directors to allot the unissued share capital at their discretion without restriction.

These class 'A' and 'B' shares carry the same rights as the ordinary shares.

The redeemable preference share issued to Old Mutual (Zimbabwe) Dividend Access Trust is not transferable and carries the following rights:

1. It would be entitled to a non-cumulative preferential annual dividend of ZWL100 (one hundred Zimbabwe dollars);
2. It shall be redeemable at any time at the discretion of Old Mutual Zimbabwe Limited;
3. It shall participate in Surplus Assets on liquidation, subject to a limit of ZWL1.00.
4. Subject to certain conditions, the directors of the company shall be entitled to declare such additional dividends in respect of the Share as they may from time to time, in their discretion, determine, subject to the provisions of the Scheme.

Subject to the requirements of any legislation that may from time to time compel the trustees of the Dividend Access Trust to withhold any amounts (whether in respect of taxation or otherwise) they shall be obliged to pay any dividends received by them as the shareholders of the preference share to the shareholders of Old Mutual Limited registered on its Zimbabwe share register, pro-rata to their shareholding in that company.

The 'A' redeemable preference share was issued to the OML (Zimbabwe) Dividend Access Trust (OML DAT) is not transferrable and confers no rights to share in the assets of the Company during its continuation or on winding up other than through dividend participation or redemption in terms of the articles.

Shares held by the entity

The number of shares held by the entity and its subsidiaries, including within policyholder funds is 46,088,177 shares.

	No of shares 2020	No of shares 2019
Opening balance	47,206,186	54,815,233
Disposals	(1,118,009)	(7,609,047)
Shares bought back	-	-
Closing balance	46,088,177	47,206,186

55 Post employment benefits obligation

The Company provides pension benefits to permanent employees and post-retirement benefits to qualifying employees. Pension benefits have been designed and are administered in accordance with the Pension and Provident Funds Act (Chapter 24:09) and are defined contribution schemes.

The Old Mutual Staff Pension Fund

The Fund is a defined contribution plan registered to provide retirement benefits for the Company's full-time employees.

National Social Security Authority Scheme

This scheme was promulgated under the National Social Security Authority Act 1989. The Company's obligation under the scheme is limited to specific contributions as legislated from time to time and is presently ZWL450 per month per employee. The employee and the employer contribute ZWL225 each per month.

Old Mutual Post Retirement Medical Aid Subsidy Fund

The fund is a defined contribution plan for the Company's full-time employees.

	Inflation adjusted Audited		Historical Cost Unaudited	
	Company 2020 ZWLm	Company 2019 ZWLm	Company 2020 ZWLm	Company 2019 ZWLm
Contributions recognised as an expense for the year				
- Old Mutual Staff Pension Fund	2.3	1.3	1.5	0.2
- National Social Security Authority Scheme	0.3	-	0.2	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

56 Capital commitments

	2020 ZWLm	2019 ZWLm
Authorised	10.0	2.8
Authorised and contracted for	-	-

57 Related party disclosures

Holding company and fellow subsidiaries.

The Company's immediate holding company is OM Zimbabwe Holdco Limited (UK) which holds 75% of the Group's ordinary shares. The ultimate holding company is Old Mutual Limited, incorporated in South Africa.

Other group companies consist of subsidiaries, associates as well as other subsidiaries of Old Mutual Limited.

Transactions with holding company and other Group companies:

Subsidiaries	Inflation adjusted Audited		Historical Cost Unaudited	
	2020 ZWLm	2019 ZWLm	2020 ZWLm	2019 ZWLm
Old Mutual Zimbabwe Holdco Limited				
Nature of transactions				
Amounts due to at end of year	(2,636.5)	(207.8)	(2,636.5)	(46.3)
Old Mutual Investment Group Zimbabwe (Pvt) Ltd				
Nature of transactions: Asset Management Fees	9.3	10.9	7.3	2.4
Management Fee Income	35.1	-	24.1	-
Amounts due to at end of year	12.2	0.1	12.2	-
Central Africa Building Society				
Nature of transactions; Bank charges	0.8	0.2	0.5	0.0
Management Fee Income	58.4	8.4	40.2	1.9
Management Fee Expense	8.8	-	4.8	-
Dividend received	104.2	-	100.0	-
Interest earned on Investments	0.5	8.5	0.5	1.9
Amounts due at end of year	29.2	3.5	29.2	0.8
Old Mutual Finance (Pvt) Ltd				
Nature of transactions: Management Fee Income	3.3	-	2.2	-
Amounts due to at end of year	9.2	(9.9)	9.2	(2.2)
Old Mutual (Zimbabwe) Foundation Trust				
Nature of transactions: Management Fee Income	5.5	-	3.8	-
Amounts due at end of year	0.3	10.4	0.3	2.3
Old Mutual Finance (U.K) Plc				
Nature of transactions				
Amounts due at end of year	(4,089.3)	(48.1)	(4,089.3)	(10.7)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

57 Related party disclosures (cont'd)

	Inflation adjusted Audited		Historical Cost Unaudited	
	2020 ZWLm	2019 ZWLm	2020 ZWLm	2019 ZWLm
Subsidiaries				
Old Mutual Life Assurance Company Zimbabwe Limited				
Nature of transactions: Management Fee Income	87.7	-	64.2	-
Management Fee Expense	6.1	-	3.1	-
Amounts due at end of year	15.9	0.9	15.9	0.2
Old Mutual Securities (Pvt) Ltd				
Nature of transactions: Management Fee Income	2.7	-	1.7	-
Amounts due at end of year	4.5	(4.5)	4.5	(1.0)
Old Mutual Insurance Company (Pvt) Ltd				
Nature of transactions: Management Fee Income	35.7	-	25.2	-
Amounts due at end of year	1.0	-	-	-

Loans due by or to subsidiaries and other Group companies

Loans due by or to subsidiaries or other Group companies accrue interest at market related interest rates and are repayable on demand.

All the Company's principal subsidiaries together with loans due by or to them are listed in Note 44 and 47.

Capital advances and amounts due by or to Group companies are disclosed in Note 47.

Key management personnel

Key management personnel and their close family members and entities which they control, jointly control or over which they exercise significant influence are considered related parties to the Group. Details of transactions are disclosed in Note 38.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

58 Company statement of financial position

58.1 Categories of financial instruments

The analysis of assets and liabilities into their categories as defined in IFRS 9 'Financial Instruments: Recognition and Measurement' (IFRS 9) is set out in the following table. For completeness, assets and liabilities of a non-financial nature or financial assets and liabilities that are specifically excluded from the scope of IFRS 9 are reflected in the non-financial assets and liabilities category.

Inflation Adjusted - (audited)	At fair value through profit or loss ZWLm	At amortised cost ZWLm	Non-financial assets/ liabilities ZWLm	Total ZWLm
At 31 December 2020				
Assets				
Investment property	-	-	24.5	24.5
Investments in subsidiary companies	-	-	2,825.6	2,825.6
Property and equipment	-	-	253.6	253.6
Intangible assets	-	-	1.7	1.7
Investments and securities	1,626.5	4.3	-	1,630.8
Amounts due by group companies	-	73.6	-	73.6
Current tax assets	-	-	-	-
Other assets	-	6,749.8	-	6,749.8
Cash and cash equivalents	-	108.9	-	108.9
	1,626.5	6,936.6	3,105.4	11,668.5
Liabilities				
Provisions	-	-	40.4	40.4
Deferred tax liabilities	-	-	74.6	74.6
Amounts due to group companies	-	7,100.5	-	7,100.5
Current tax payable	-	-	1.7	1.7
Other liabilities	-	77.0	-	77.0
	-	7,177.5	116.7	7,294.2
At 31 December 2019				
Assets				
Investment property	-	-	45.1	45.1
Investments in subsidiary companies	-	-	3,998.7	3,998.7
Property and equipment	-	-	13.8	13.8
Intangible assets	-	-	2.1	2.1
Investments and securities	1,324.2	17.7	-	1,341.9
Amounts due by group companies	-	-	64.1	64.1
Current tax assets	-	-	4.4	4.4
Other assets	-	114.5	-	114.5
Cash and cash equivalents	-	143.9	-	143.9
	1,324.2	276.1	4,128.2	5,728.5
Liabilities				
Provisions	-	-	24.4	24.4
Deferred tax liabilities	-	-	18.3	18.3
Amounts due to group companies	-	423.6	-	423.6
Other liabilities	-	434.0	-	434.0
	-	857.6	42.7	900.3

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

58 Company statement of financial position (cont'd)

58.1 Categories of financial instruments (cont'd)

Historical Cost - Unaudited	At fair value through profit or loss ZWLm	At amortised cost ZWLm	Non-financial assets/ liabilities ZWLm	Total ZWLm
At 31 December 2020				
Assets				
Investment property	-	-	24.5	24.5
Investments in subsidiary companies	-	-	125.2	125.2
Property and equipment	-	-	53.0	53.0
Intangible assets	-	-	0.3	0.3
Investments and securities	1,626.5	4.3	-	1,630.8
Amounts due by group companies	-	73.6	-	73.6
Current tax assets	-	-	-	-
Other assets	-	6,749.8	-	6,749.8
Cash and cash equivalents	-	108.9	-	108.9
	1,626.5	6,936.6	203.0	8,766.1
Liabilities				
Provisions	-	-	40.4	40.4
Deferred tax liabilities	-	-	11.2	11.2
Amounts due to group companies	-	7,100.5	-	7,100.5
Current tax payable	-	-	1.7	1.7
Other liabilities	-	77.0	-	77.0
	-	7,177.5	53.3	7,230.8
At 31 December 2019				
Assets				
Investment property	-	-	10.1	10.1
Investments in subsidiary companies	-	-	194.3	194.3
Property and equipment	-	-	1.4	1.4
Intangible assets	-	-	0.3	0.3
Investments and securities	295.2	3.9	-	299.1
Amounts due by group companies	-	14.3	-	14.3
Current tax assets	-	-	0.9	0.9
Other assets	-	25.5	-	25.5
Cash and cash equivalents	-	32.1	-	32.1
	295.2	75.8	207.0	578.0
Liabilities				
Provisions	-	-	5.4	5.4
Deferred tax liabilities	-	-	3.7	3.7
Amounts due to group companies	-	94.4	-	94.4
Other liabilities	-	96.8	-	96.8
	-	191.2	9.1	200.3

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

58 Company statement of financial position (cont'd)

58.2 Fair values of financial assets and liabilities

Analysis of instruments at fair value

At 31 December 2020	Inflation adjusted/Historical cost			
	Level 1 ZWLm	Level 2 ZWLm	Level 3 ZWLm	Total ZWLm
Financial assets measured at fair value				
Investment and securities	1,459.5	-	167.0	1,626.5
Total financial assets measured at fair value	1,459.5	-	167.0	1,626.5

At 31 December 2019	Inflation adjusted - Audited			
	Level 1 ZWLm	Level 2 ZWLm	Level 3 ZWLm	Total ZWLm
Financial assets measured at fair value				
Investment and securities	1,203.7	-	120.5	1,324.2
Total financial assets measured at fair value	1,203.7	-	120.5	1,324.2

At 31 December 2019	Historical Cost - Unaudited			
	Level 1 ZWLm	Level 2 ZWLm	Level 3 ZWLm	Total ZWLm
Financial assets measured at fair value				
Investment and securities	268.3	-	26.9	295.2
Total financial assets measured at fair value	268.3	-	26.9	295.2

The movement in level 3 instruments for the year can be analysed as follows:

Inflation adjusted audited	Opening balance ZWLm	Gains/losses recognised in profit or loss ZWLm	Purchases and issues ZWLm	Sales and settlements ZWLm	Transfers into level 3 from other categories ZWLm	Transfers out of level 3 to other categories ZWLm	Closing balance ZWLm
At 31 December 2020							
Financial assets measured at fair value							
Designated (fair value through profit or loss)	120.5	(94.2)	140.7	-	-	-	167.0
Total financial assets measured at fair value	120.5	(94.2)	140.7	-	-	-	167.0
At 31 December 2019							
Designated (fair value through profit or loss)	56.0	64.5	-	-	-	-	120.5
Total financial assets measured at fair value	56.0	64.5	-	-	-	-	120.5

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

Historical cost unaudited	Opening balance ZWLm	Gains/losses recognised in profit or loss ZWLm	Purchases and issues ZWLm	Sales and settlements ZWLm	Transfers into level 3 from other categories ZWLm	Transfers out of level 3 to other categories ZWLm	Closing balance ZWLm
At 31 December 2020							
Financial assets measured at fair value							
Designated (fair value through profit or loss)	26.9	86.0	54.1				167.0
Total financial assets measured at fair value	26.9	86.0	54.1				167.0
At 31 December 2019							
Designated (fair value through profit or loss)	12.5	14.4	-	-	-	-	26.9
Total financial assets measured at fair value	12.5	14.4	-	-	-	-	26.9

The level 3 investment consists of a minority shareholding in Nedbank Zimbabwe, the investment was valued using a relative valuation model.

59 Company Financial risk management

Credit risk

Credit risk is the risk that an asset, in the form of a monetary claim against a counterparty, may not result in a cash receipt (or equivalent) in accordance with the terms of a contract.

The Company is exposed to credit risk through its investment holdings (i.e. money markets, cash and cash equivalents) and accounts receivable. Credit risk is managed by placing limits on exposure to a single counterparty, or Groups of counterparties. Credit risk associated with property rentals is managed through a credit vetting process, the requirement for rental deposits and close monitoring of the tenants' book.

	Inflation adjusted Audited		Historical Cost Unaudited	
	Company 2020 ZWLm	Company 2019 ZWLm	Company 2020 ZWLm	Company 2019 ZWLm
Overall credit risk				
Short term funds and securities	10.4	34.4	10.4	7.6
Other receivables	6,749.8	114.5	6,749.8	25.5
Cash and cash equivalents	108.9	143.9	108.9	32.1
	6,869.1	292.8	6,869.1	65.2

Management of credit risk

The Group has delegated the responsibility for the management of credit risk to the Credit Committee which is responsible for oversight of the Group's credit risk, including that of the Company.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

59 Company Financial risk management (cont'd)

	Inflation adjusted Audited		Historical Cost Unaudited	
	Company 2020 ZWLm	Company 2019 ZWLm	Company 2020 ZWLm	Company 2019 ZWLm
Exposure to credit risk				
Legacy Debt Impaired				
Gross amount	6,855.0	-	6,855.0	-
ECL provision	(139.5)	-	(139.5)	-
Carrying amount	6,715.5	-	6,715.5	-

The legacy debt financial instrument is subject to expected credit losses as required by IFRS 9 and has consequently been put into the Stage 1 of the ECL model as the credit rating.

Liquidity risk

Liquidity risk is the risk that cash may not be available at a reasonable cost to pay obligations when due. The tables below set out the carrying amounts, by maturity, of the Company's financial instruments that are exposed to liquidity risk.

Maturity profile of assets and liabilities exposed to liquidity risk:

	0 to 3 months ZWLm	3 to 12 months ZWLm	Over a year ZWLm	Total ZWLm
Inflation adjusted -2020				
Cash & cash equivalents	108.9	-	-	108.9
Investments and securities	1,627.6	3.2	-	1,630.8
Other receivables	34.3	-	6,715.5	6,749.8
Other payables	2.4	(46.3)	(33.1)	(77.0)
	1,773.2	(43.1)	6,682.4	8,412.5
Historical cost - 2020				
Cash & cash equivalents	108.9	-	-	108.9
Investments and securities	1,627.6	3.2	-	1,630.8
Other receivables	34.3	-	6,715.5	6,749.8
Other payables	2.4	(46.3)	(33.1)	(77.0)
	1,773.2	(43.1)	6,682.4	8,412.5
Inflation adjusted -2019				
Cash & cash equivalents	143.9	-	-	143.9
Investments and securities	1,327.9	14.0	-	1,341.9
Other receivables	114.5	-	-	114.5
Other payables	(177.6)	(107.7)	(148.7)	(434.0)
	1,408.7	(93.7)	(148.7)	1,166.3
Historical cost - 2019				
Cash & cash equivalents	32.1	-	-	32.1
Investments and securities	296.0	3.1	-	299.1
Other receivables	25.5	-	-	25.5
Other payables	(39.7)	(24.0)	(33.1)	(96.8)
	313.9	(20.9)	(33.1)	259.9

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

59 Company Financial risk management (cont'd)

Management of liquidity risk

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation. The daily liquidity position of the Company is managed by the treasury department in liaison with the relevant management.

Liquidity gap

The Liquidity gap is the difference between assets and liabilities in a given maturity period.

Foreign currency risk

The Company has settlement exposure to foreign suppliers and creditors, as well as related parties who require payments to be made in foreign currency. Ability to settle is constrained by exchange control restrictions as well as the unavailability of nostro funding.

Foreign liabilities	2020 US\$m	2019 US\$m
Investments and securities	7.8	5.4
Other receivables	83.8	-
Cash & cash equivalents	0.3	0.3
Amounts owed to Group companies	(86.7)	-
	5.2	5.7

60 Notes to the Group statement of cash flows

	Inflation adjusted Audited		Historical Cost Unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
60.1 Non-cash movements and adjustments to profit before tax				
Depreciation and amortisation	519.5	648.2	98.7	17.2
Revaluation surplus shadow accounting	139.5	1,025.5	1,024.5	228.6
Net fair value gains for the year included in profit before tax	(13,953.8)	(33,075.0)	(45,187.7)	(7,058.1)
Charges to provisions and post employment benefits obligation	560.8	232.8	931.5	55.0
Share-based payments charge	14.0	25.1	14.0	5.6
Movement in policyholder liabilities	11,067.8	30,462.9	39,361.9	6,639.0
Unrealised exchange (gains)/losses	(1,898.2)	(500.6)	(1,914.8)	(106.5)
	(3,550.4)	(1,181.1)	(5,671.9)	(219.2)
60.2 Changes in working capital				
Insurance, other receivables and amounts due by Group companies	(8,058.8)	15,375.9	(15,674.5)	(1,268.1)
Insurance, other payables and amounts due to Group companies	10,123.5	(13,041.0)	21,547.0	2,824.3
Reinsurer's share of insurance contract liabilities	160.6	(226.1)	(117.4)	(49.6)
Deferred acquisition costs	16.0	(14.4)	(16.0)	(1.0)
Inflation adjustment	2,060.8	23,796.3	-	-
	4,302.1	25,890.7	5,739.1	1,505.6

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

60 Notes to the Group statement of cash flows (cont'd)

Group	Inflation adjusted Audited		Historical Cost Unaudited	
	2020 ZWLm	2019 ZWLm	2020 ZWLm	2019 ZWLm
60.3 Taxation paid				
Taxation payable at beginning of year	53.4	(22.0)	11.9	(15.9)
Income tax charge for the year	(232.3)	493.0	(209.0)	(22.9)
Taxation payable at end of year	(58.2)	(53.4)	(58.2)	(11.9)
	(237.1)	417.6	(255.3)	(50.7)
60.4 Dividends paid				
Dividends payable at beginning of year	(321.6)	(1,583.1)	(71.7)	(56.8)
Dividends declared during the year	-	(819.5)	-	(55.4)
Dividends payable at end of year	71.7	321.6	71.7	71.7
Inflation adjustment	249.9	1,621.1	-	-
	-	(459.9)	-	(40.5)
61 Notes to the Company statement of cash flows				
Company				
61.1 Non-cash movements and adjustments to profit before tax				
Depreciation and amortisation	39.8	2.2	8.1	0.3
Net fair value gains for the year included in profit before tax	448.3	(1,252.5)	(1,241.0)	(172.7)
Charges to provisions and post employment benefits obligation	15.9	22.4	34.7	4.9
Share-based payments charge	0.2	-	0.2	-
Inflation adjustment	(1,301.6)	2,548.5	-	-
	(797.4)	1,320.6	(1,198.0)	(167.5)
61.2 Changes in working capital				
Other receivables and amounts due by Group companies	(6,644.8)	221.2	(6,783.6)	(15.8)
Other payables and amounts due to Group companies	6,319.9	1,529.2	6,927.9	23.4
	(324.9)	1,750.4	144.3	7.6
61.3 Taxation paid				
Taxation payable at beginning of year	(14.4)	(65.5)	(2.7)	(2.3)
Income tax charge for the year	(122.2)	59.7	(73.4)	(1.8)
Taxation payable at end of year	74.6	14.4	11.2	2.7
	(62.0)	8.6	(64.9)	(1.4)
61.4 Dividends paid				
Dividends payable at beginning of year	(321.6)	(1,568.3)	(71.7)	(56.3)
Dividends declared during the year	-	(882.2)	-	(59.8)
Dividends payable at end of year	71.7	321.6	71.7	71.7
Inflation adjustment	249.9	1,516.1	-	-
	-	(612.8)	-	(44.4)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

62 Going concern

The consolidated and separate financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will continue in operation for the foreseeable future. The Group has recognised a profit after tax of ZWL6.5 bn for the year ended 31 December 2020 (2019: Loss after tax of ZWL11.7 bn) and, as at that date, current assets exceed current liabilities by ZWL25.1 bn (2019: ZWL954.1 m). The Company recognised a loss after tax of ZWL372.0 m for the year ended 31 December 2020 (2019: ZWL3.5 bn) and, as at that date, current assets exceed current liabilities by ZWL1.7 bn (2019: ZWL1.4 bn).

An assessment of the possible effects of COVID-19 on the going concern of the Group is discussed in detail in Note 62.1.

For the Group, inflation adjusted total assets increased from ZWL71.7 bn in 2019 to ZWL94.9 bn as the nominal growth in assets on the historical cost and fair value bases of accounting (499%) exceeded inflation for the 2020 full year of 348.6%. The restated total equity of ZWL17.3 bn was higher than the restated comparable of ZWL10.4 bn mainly due to investments growth, increased lending and foreign exchange gains. As for the Company, inflation adjusted total assets grew from ZWL5.7 bn in 2019 to ZWL11.7 bn. The restated total equity of ZWL4.4 bn was slightly lower than the restated comparable of ZWL4.8 bn.

Funds under management (FUM) for the asset management business were up by 27% to ZWL80.1 billion mainly due to positive investment performance and foreign currency translation gains. The business core pillars and foundations remained in place, as evidenced by growth in total customer numbers from 1.2 million to 1.3 million, the diversified sources of revenue generated and positive operating margins in most business segments.

The financial position of the Group and the Company, their cash flows, liquidity position and borrowing facilities are described above. In addition, Notes 2, 40, 41, 58 & 59 to the financial statements include the Group and Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. The Company also has adequate financial resources to continue in operation for the foreseeable future.

We refer also to Note 25.2.1 on the Legacy debt receivable from the Reserve Bank of Zimbabwe in connection with certain obligations to related parties outside Zimbabwe. The directors have no reason to believe that the RBZ will not support the discharge of the external obligations. The parent company, OML, has indicated that they will also support an orderly resolution of the matter in a way that does not negatively impact on the financial stability of the Group in Zimbabwe. This is in the event that support from the RBZ fails to materialise – something considered unlikely at this point.

The directors have thus assessed the ability of the Group and the Company to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

62.1 Impact of COVID-19 on the business

The Group's business includes banking services, asset management, micro-finance, stockbroking, life assurance as well as short term insurance. The measures adopted by the Government of Zimbabwe to help curb the spread of the virus included periods of lockdown which meant that some of our staff had to work from home. The business has managed to enable most staff members to work from home whilst also ensuring that necessary safety measures were implemented at the workplace to protect staff that need to be physically present at the workplace as well as customers, this has been done to ensure continuity of business operations. A significant amount had to be spent on IT hardware and sanitary equipment, but some savings were realised in other areas of normal operations.

COVID-19 did not have a significant impact on the Group's ability to continue to operate as a going concern. The claims ratio in the life and short-term businesses remained consistent with previous reporting periods. Rental yields as well as voids slightly improved during the period under review as the business managed to achieve rent escalations due to regular reviews effected during 2020. In 2019 there was a lag between inflation and the level of rental increases achieved which was not the case in 2020. We managed to record positive net client cashflows during the year, while the performance of the Zimbabwe Stock Exchange (ZSE) positively impacted Funds Under Management and management fees.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

62 Going concern (cont'd)

62.1 Impact of COVID-19 on the business (cont'd)

CABS exercised selective lending and provided more lenient terms to clients that were negatively impacted by the pandemic. Due to the need to exercise prudence, we have increased IFRS 9 loan loss provisions to cater for potential deterioration in loan performance in the future due to the likely adverse impact that the pandemic will have on some customers. Notwithstanding an increase in credit loss provisions, CABS remained profitable due to better than expected revenue performance, particularly on non-funded income. The Non Performing Loan (NPL) ratio remained within acceptable levels of below 5%. Given the broad range of outcomes that can materialise from this pandemic, within the life company, actuaries are still assessing the implications and potential impact on mortality and per policy expenses. Assumption setting has a long term focus and changes in assumptions usually require more than a single event. No untoward changes in mortality patterns attributable to COVID-19 were observed during the period under review. The following table tracks some of the Group's Key Performance Indicators over the past three years.

Key Performance Indicator	2020	2019	2018
Claims ratio - Short-term Insurance	45%	61%	66%
Claims ratio - Long term Insurance	58%	69%	58%
Voids	18%	17%	22%
Rental yield	93%	93%	96%
Cost to income ratio	72%	80%	57%
Non Performing Loans ratio	0.4%	2.1%	58%

The Group put in place the following measures amongst others in order to protect margins and reinforce the liquidity and capital adequacy position in the foreseeable future.

- management of client relations to maintain and grow the current portfolio
- continuing to introduce market relevant products in order to grow business volumes
- ensuring pricing levels remain sustainable and competitive with regular reviews in response to inflation
- proactive monitoring of facilities to mitigate migrations into a non-performing status
- critical credit assessment of new loan disbursements
- mobilisation of diverse deposits with staggered maturity profiles
- retention of earnings and suspension of dividends
- investing excess capital in real assets particularly the ZSE whose year on year growth in 2020 surpassed annual inflation
- taking advantage of opportunities available to generate more revenue in hard currency, especially US\$
- careful management of cost to income ratios.

	Inflation adjusted Audited		Historical Cost Unaudited	
	Group 2020 ZWLm	Group 2019 ZWLm	Group 2020 ZWLm	Group 2019 ZWLm
63 Assets held under fiduciary capacity				
Managed third party funds	14,775	7,828	14,775	1,745

Managed funds

The Group holds a custodianship responsibility in respect of assets owned by certain pension funds and private clients. Funds under management represent assets being managed on behalf of investors and these are kept off balance sheet. Total funds management (including Group funds) as at 31 December 2020 were ZWL80.1 billion (2019: ZWL14.0 billion).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

64 Currency Sensitivity Analysis

The table below is a sensitivity analysis of the effect of using different exchange rates to convert foreign currency balances to local reporting currency. The scenarios presented compare the impact of using the closing rate at 1:81.7866; Depreciated at 50% and 75%.

	2020 Group US\$m 31Dec 2020	2020 Group ZWLm Translated @1:81.7866	2020 Group ZWLm 50% Depreciation	2020 Group ZWLm 75% Depreciation
Foreign currency denominated Assets/Liabilities				
Assets				
Investments and securities	84.7	6,927.3	10,418.1	12,112.1
Loans and advances	39.2	3,206.0	4,821.6	5,605.6
Other receivables	101.9	8,334.1	12,533.7	14,571.7
Cash and cash equivalents	61.6	5,038.1	7,576.8	8,808.8
Total assets	287.4	23,505.5	35,350.2	41,098.2
Liabilities				
Long-term business policyholder liabilities - third party	75.0	6,134.0	9,225.0	10,725.0
Borrowed funds	38.8	3,173.3	4,772.4	5,548.4
Amounts owed to Group companies	91.9	7,516.2	11,303.7	13,141.7
Amounts owed to bank depositors	62.8	5,136.2	7,724.4	8,980.4
Other payables	3.4	278.1	418.2	486.2
Total liabilities	271.9	22,237.8	33,443.7	38,881.7
Net assets	15.5	1,267.7	1,906.5	2,216.5

The Group and its subsidiaries remain solvent and sufficiently capitalised at the different exchange rate sensitivities.

Refer to note 25.2.1 for the accounting treatment of other obligations to related parties outside Zimbabwe.

65 Subsequent events

65.1 Movement of fair value of listed shares

Subsequent to year end, the value of the Zimbabwe Stock Exchange (ZSE) all share index had increased by about 133%. This had significant impact on the Group's profits given the level of the investment in listed equities. This subsequent increase in the ZSE index resulted in the Group's listed equities increasing by ZWL39.7 billion as at 31 May 2021, while profits for that period have been positively impacted by ZWL11.9 billion on a historical cost basis. The Group's subsidiaries remain well capitalised.

NOTICE OF THE ANNUAL GENERAL MEETING (AGM)

NOTICE is hereby given that the 22nd Annual General Meeting of members of Old Mutual Zimbabwe Limited (the Company) will be held virtually at <https://escrow-agm.com/eagmZim/Login.aspx> on Thursday 19 August 2021 at 1500 hours for the purposes of transacting the following business:

AS ORDINARY BUSINESS

Minutes of last Annual General Meeting

1. To approve the minutes of the 22nd Annual General Meeting (AGM) that was held on 12 August 2020.

Financial Statements and Statutory Reports

2. To receive, consider and adopt the Corporate Governance Report, inclusive of the Report by the Audit Committee, for the financial year ended 31 December 2020.
3. To receive, consider and adopt the Financial Statements and Directors' and Auditors' Reports for the financial year ended 31 December 2020.

Directorate

4. In terms of Article 106 of the Articles of Association, one-third of the Directors shall retire from office and are eligible for re-election. Mr C Chinaka and Dr C Dhliwayo retire by rotation and, being eligible, offer themselves for re-election.
5. Mr KC Katsande was appointed after the last AGM and accordingly retires from the Board in terms of Article 113. Being eligible, he offers himself for re-election.
6. To confirm the remuneration of Directors amounting to ZWL\$7,947,377 for the year ended 31 December 2020.

External Auditors

7. To approve the External Auditors' remuneration amounting to ZWL\$20,448,667 for the year ended 31 December 2020.
8. To appoint the Company's auditors for the ensuing year.

Appointment of Proxy

In terms of section 171 of the **Companies and Other Business Entities Act [Chapter 24:31]** and Article 78 of the Articles of Association of the Company, a member entitled to attend and vote at a meeting is entitled to appoint a proxy to speak and vote in his stead. A proxy need not be a member of the Company, provided that a director or officer of the Company may not be a proxy for a shareholder. Article 80 of the Articles of Association of

the Company requires that Forms of Proxy reach the Company's registered office or the office of the Transfer Secretaries (Corpserve Transfer Secretaries Registrars (Private) Limited, 2nd Floor, ZB Centre, Kwame Nkrumah Ave, P O Box 2208, Harare, Zimbabwe) not less than forty-eight (48) hours before the date set for the Meeting. Alternatively, Electronic Proxy forms, duly completed, signed and stamped (in the case of a corporate shareholder) may also be emailed to setfree@escrowgroup.org. Article 81 of the Articles of Association of the Company provides that an instrument appointing a proxy shall be executed in any usual or common form.

Registration for the AGM

As a result of the prevailing COVID-19 (2019 Coronavirus) pandemic and the prevailing lockdown restrictions, we will be conducting our Annual General Meeting virtually. Please contact Setfree Nhapi or Robert Mazvanara for assistance with registration for the Annual General Meeting: Email: setfree@escrowgroup.org / robert@escrowgroup.org
Landline: +263 242 758193
Cell phone: Setfree: +263 719 024972
Cell phone: Robert: +263 772 289768

2020 Annual Report

Electronic copies of the Company's 2020 Annual Report have been emailed to those shareholders whose emails are on record.

The Annual Report will also be available on the company's website at the following link <https://www.oldmutual.co.zw/about-us/financial-results> from 04 August 2021.

By Order of the Board

Hardlife R. Nharingo GROUP COMPANY SECRETARY

Registered Office
Mutual Gardens
100 The Chase (West)
Emerald Hill
Harare
ZIMBABWE

29 July 2021





OLDMUTUAL